

*The Process and Organization*  
*of GOVERNMENT*  
**PLANNING**



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*Manufactured in the United States of America*

*To my Mother and Father*



## PREFACE

THIS HAS been a difficult book to write. From the outset I have been aware of conflicting temptations. Since this is a record made possible only by my own government service, how far should it embody purely personal observations? Since we do not have yet any full account of the work of the National Resources Planning Board, how far should I attempt a historical and analytical record of that agency? Finally, for so essentially dynamic a subject as government planning, ought we not to look forward to the problems of the future? If the result of these conflicting temptations is in effect a compromise, is it then as unsatisfactory as compromises traditionally are from all particular points of view?

I have long felt the need for more personal accounts of individual experiences in public administration. Much of the writing which makes up the present available literature of the field deals with abstractions and generalities which mean very little to a person without some experience in actual administrative operations. The generalizations are important, and we need them. But it has long seemed to me that we need the accumulation of many personal experiences as a sounder basis for our generalizations.

And public administration is necessarily personal. The lawyer and the politician may say all they wish about "a government of law." We live in a society of men, and any organization is at best a continuing problem in the adjustment of individual personalities to each other and to a common

cause. Much of our writing in public administration has completely ignored this fact.

The war period has given many persons an opportunity to work in government service which they otherwise would never have enjoyed. The teaching of what is called public administration in our various universities should be very different in the next few years from what it was before 1939. And much of the writing should take on a personal cast which it has never had in the past.

I suppose there will be some question as to the propriety of those with academic interests writing accounts made possible by their own service within the government. There are a number of dangers. If a person is going to accept government employment only to write about it afterwards, he may be much less welcome in public service than in the past. There is, of course, the further difficulty that any individual who writes about his own experience is almost always convinced that he was right and those who disagreed with him wrong. It is not easy to admit personal mistakes, especially in writing. Yet one may claim that a devotion to the cause of human knowledge transcends ordinary considerations and justifies a reporting of individual experience accurately and honestly.

We are already beginning to get a number of personal accounts about wartime experiences. Professor Carlton J. H. Hayes has given us such a description in his *Wartime Mission in Spain*. Whatever one may think about our policy toward the Franco government, it seems to me that Professor Hayes' book is an excellent case study in the actual operation of a foreign mission and in the conduct of international negotiation. It should be valuable to all students for that reason alone.

Professor Marshall Dimock has written about his personal experiences in the War Shipping Administration, although he has set these experiences in the broader context of certain generalizations in *The Executive in Action*. In *The Stricken Land* Professor Rexford G. Tugwell recounts his experiences as governor of Puerto Rico. Undoubtedly many more books of this type will appear in the next few years.

Yet in spite of the great importance which I attach to personal records, I have decided against this approach in the present instance. While my own experience was extremely instructive to me, I doubt whether my work was of sufficient importance to deserve special attention or commemoration in print. I have written this account of government planning only because of my conviction about the importance of the subject. I hope what I have said will be useful to those who will carry the responsibility for national planning in the years ahead and for those who wish to follow our national progress intelligently and knowingly. But most of what I wish to say is more technical, dealing with processes and means rather than ends. This concentration requires no apology, since we are still a long way from a clear understanding of the procedures by which desirable policy goals can be achieved.

It may help, however, if I add a word about the circumstances under which the opinions expressed in this book were formed. Early in 1941 the National Resources Planning Board asked Luther H. Gulick of the Institute of Public Administration to join the staff of the NRPB to assist it in its postwar planning work. Just after the 1940 election President Roosevelt had suggested to the board that it might give particular attention to the problems the country would face once large-scale

defense expenditures were curtailed. The board thereupon decided to devote its primary attention to problems of the post-defense period and felt the need for some special individual to give this focus to the board's activities. Mr. Gulick accepted on a consulting basis. He asked me to join the staff of the Resources Board as a personal assistant on a full-time basis.

In July, 1942, I left the National Resources Planning Board to enter the Army. But this shift brought no interruption of my interest in planning. Rather, my various assignments in the War Department brought me in close touch with its planning activities. My immediate superior and the Commanding General of the command in which I served both strongly believed that careful preparation was indispensable to efficient administrative performance. Indeed, this was more than a belief. It was a principle which was daily applied to the work of the command. I am not sure but that my faith in planning as a part of the administrative process might have withered as a result of my NRPB experience. My work in the War Department, on the other hand, brought a continuing and abiding conviction of the absolute necessity of planning as a vital element in administration. It is something of this certainty which I would convey here.

At the same time I want to state my opinion that the staff of the National Resources Planning Board contained as able a group of individuals as could be found any place in Washington in any unit of comparable size. It was a pleasure to know them and to work with them. Effective leadership would have enabled them to accomplish more than they did through their own individual efforts.

I have asked several friends to review the manuscript and to correct obvious errors of fact I shall not attempt to list them by name, since I would not have them share any criticism which may be directed against the comments or opinions contained herein.

I wish to acknowledge, however, the assistance of the Council on Research in the Social Sciences of Columbia University, which has made the preparation of this account possible at this time.

JOHN D MILLETT

*New York City*

*January 20, 1947*



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## I. NATIONAL POLICIES AND PLANNING

To say that "planning" is a controversial word is as obvious as it is trite. For twenty-five years it has been the object of bitter denunciation and enthusiastic endorsement. Like all words which come to epitomize conflicting social concepts, planning has different meanings and different uses. Even among those who find no terror in the idea, there is little agreement about the meaning of planning.

There is no point here in embarking upon a disquisition in semantics. But recent experience, as well as much current discussion, suggests a vital need for greater exactitude in the use of this word "planning." The need is illustrated by our careless and interchangeable use of the words "policy" and "planning."

Amusingly enough, the word "policy," more and more frequently employed in our statutory law as well as elsewhere, has aroused no such passionate division of opinion as planning. There is even an increasing tendency to talk about national policies rather than national plans. To give but a single example, a recent discussion of the agricultural problem in the United States makes almost exclusive use of the expression "policy" in preference to any mention of agricultural planning.<sup>1</sup> Several of the studies of the National Resources Planning Board also spoke of policies rather than of plans—*Techno-*

<sup>1</sup> See Theodore W. Schultz, *Agriculture in an Unstable Economy* (New York, McGraw-Hill Book Co., 1945)

*logical Trends and National Policy; Urban Planning and Land Policies; Security, Work, and Relief Policies; and Transportation and National Policy.* Yet in only one recent essay is there any indication that planning and policy-making might be different. Without any elaboration, Carl Landauer has simply stated that "a plan should be distinguished from a mere determination of policy."<sup>2</sup> True enough, but the emphasis surely should be reversed

The determination of national policy is fundamental to, indeed, it must precede, planning. There can be no such national economic planning of the type Landauer pictures, or that Friedrich Hayek denounces, before our national government in one way or another decides to embark upon a policy of central social direction of productive output. There is a vital reason for drawing a distinction between government "policies" and government "planning." Such a distinction will not only promote a clearer understanding of fundamental public issues but will also advance our knowledge of administrative processes.

Various definitions of planning reveal two distinct meanings. For example, contrast the definitions offered by the National Resources Board in 1933 and a more recent one by Charles E. Merriam with definitions offered by other individuals:

Planning consists in the systematic, continuous, forward-looking application of the best intelligence available to programs of common affairs in the public field. . . . Planning is a continuous process, and necessitates the constant re-examination of trends, tendencies, policies, in order to adapt and adjust governmental policies

<sup>2</sup> Carl Landauer, *Theory of National Economic Planning* (Berkeley, University of California Press, 1944), p. 12

with the least possible friction and loss. . . . Planning is not an end, but a means, a means for better use for what we have, a means for emancipation of millions of personalities now fettered, for the enrichment of human life. . . .<sup>3</sup>

Planning is an organized effort to utilize social intelligence in the determination of national policies. It is based upon fundamental facts regarding resources, carefully assembled and thoroughly analyzed, upon a look around at the various factors which must be brought together in order to avoid clashing of policies or lack of unity in general direction, upon a look forward and a look backward. Considering our resources and trends as carefully as possible, and considering the emerging problems, planners look forward to the determination of longtime policies.<sup>4</sup>

Planning is one of the most simple and natural of mental processes by which thinking men set and achieve their objectives. . . . In administration, planning and management are one and the same. It seems a truism that planning cannot be effective if separated from management. Plans must be put into effect or they remain in the realm of intention, not action. . . . To summarize, planning is necessary in setting broad national goals, it is equally necessary to reach those goals.<sup>5</sup>

The successful management and control of any large enterprise requires carefully prepared plans which seek to forecast its future operations as accurately as possible . . . Effective management necessitates definite and comprehensive plans for all its activities. Both long-term and short-term plans are needed . . . for the orderly growth of all public facilities and services in conformity with social and economic values. The kernel of planning is the making

<sup>3</sup> National Resources Board, *A Report on National Planning and Public Works*, December 1, 1934, pp. 83-84.

<sup>4</sup> Charles E. Merriam, "The National Resources Planning Board," in George B. Galloway, ed., *Planning for America* (New York, Henry Holt and Co., 1941), p. 489.

<sup>5</sup> Harold D. Smith, *The Management of Your Government* (New York, McGraw-Hill Book Co., 1945), pp. 15, 19, 24.

of day-to-day decisions with reference to carefully constructed plans.<sup>6</sup>

The first factor [of successful management] is a precise understanding of the job to be done. . . . The efficient performance of any task depends upon a precise understanding of exactly what that task is. This is an obvious principle of good management, but one whose full implications are often overlooked. It is essential to define the job to be done in quantitative terms and to have all key personnel familiar with these objectives. It is not too difficult to determine broad objectives, but plans must be specific if they are to be useful.<sup>7</sup>

The first two of the above definitions are obviously concerned with public policy in its broadest sense. Indeed, much of the controversy about planning is primarily a controversy about fundamental differences over the use of the social instrument of government. On the other hand, the student of administration has for some time been particularly concerned about increased efficiency in current administrative operations. He begins with the fact that our federal government, or any other unit of government, is already committed to certain lines of action. He is faced with a going, or operating, activity. And a basic essential of efficient administration under these circumstances is careful planning. Indeed, the management of any enterprise is planning in action.

Our discussions of government would profit if we were to understand there<sup>8</sup> there is a basic difference between policy formulation and operational planning. Many criticisms of government planning during the 1930's could only create the

<sup>6</sup> Donald C. Stone, *The Management of Municipal Public Works* (Chicago, Public Administration Service, 1939), pp. 63, 67.

<sup>7</sup> General Brehon Somervell, "Management," *4 Public Administration Review* (autumn, 1944), p. 257.

impression that planning was a dangerous process which would be destructive of men's liberties. More recently this point of view has appeared once more in the widespread attention given to Friedrich A. Hayek's *The Road to Serfdom*. Even in the formal rejoinders which the book produced, Hayek's peculiar definition of planning was not specifically attacked.<sup>8</sup>

Hayek makes it very clear that by planning he means but one thing: "A central direction of all economic activity according to a single plan, laying down how the resources of society should be 'consciously directed' to serve particular ends in a definite way."<sup>9</sup> He goes on to add that "the socialists of all parties" have appropriated the term planning for this type of central direction. In still another place he reminds his readers that "the planning against which all our criticism is directed is solely the planning against competition—the planning which is to be substituted for competition."<sup>10</sup> Without offering proof, Hayek declares that current usage has made planning synonymous with socialism, and adds only the crumb of comfort that this means "leaving to our opponents a very good word meriting a better fate."<sup>11</sup>

Obviously Hayek identifies planning with a basic national policy favoring central governmental control of productive output and distribution. His thesis is simply that socialism and traditional democratic liberties are irreconcilable. We cannot pause here to debate this proposition. But we can note that Hayek at the least has done a grave disservice to the cause of

<sup>8</sup> See Barbara A. Wootton, *Freedom Under Planning* (Chapel Hill, University of North Carolina Press, 1945), and Herman Finer, *Road to Reaction* (Boston, Little, Brown and Co., 1945).

<sup>9</sup> *The Road to Serfdom* (Chicago, University of Chicago Press, 1944), p. 35

<sup>10</sup> *Ibid.*, p. 42

administrative efficiency in government by his loose use of the term planning

The major political issue of the 1930's was in essence the appropriate role of government in controlling, directing, or stimulating economic activity. Indeed, John Maurice Clark has observed that the past fifteen years have witnessed two "momentous revolutions"—a revolution in economic thinking and a revolution in the economic functions of government.<sup>11</sup> It was this "revolution" which came to be symbolized by the term "planning." Undoubtedly a great deal of the hostility which was manifested toward the National Resources Planning Board, and which in part accounted for its demise by legislative execution in 1943, was prompted by the board's association with the controversy over this change. Most of the board's publications were actually documents advocating a more positive role by government in controlling the use of national resources or in helping to realize higher standards of living.

The public debate and political warfare of the 1930's reflected a deep-seated difference of opinion about national policy. Past tradition and practice largely favored the concept of a government exercising only minor control or stimulation of economic enterprise. The force of circumstance brought a new role for government, but popular understanding of the new conditions lagged behind actual events. The National Resources Planning Board was in the forefront of those explaining and advocating a more positive policy by government in promotion of the public welfare; it was one "spearhead" in

<sup>11</sup> John Maurice Clark, "Financing High Level Employment," in *Financing American Prosperity* (New York, The Twentieth Century Fund, 1945), p. 71.

the attack upon the old attachment for the "police" state.

Interestingly enough, very little fundamental controversy about government planning occurred during World War II. The explanation is readily apparent. After June, 1940, there was no widespread conviction within the United States that we could avoid entanglement in war. And after December 7, 1941, there was virtual unanimity in the determination to defeat the Axis. This unanimity was reinforced by an even more remarkable phenomenon—the common acceptance of the fact that virtually all of our productive resources would have to be used in providing the forces capable of defeating the enemy. In other words, the basic national policy of the war years was to employ all national resources, under the direction of the government, to build up an armed force able to achieve victory.

Very few people have thought it necessary to comment upon our complete acceptance of government control for war purposes. Yet our achievements in industrial mobilization during World War I were not outstanding; in considerable part the American Expeditionary Force was equipped by the British and the French. The National Defense Act as amended on June 4, 1920, recognized the need for industrial mobilization as one of the essential aspects of future defense. The various so-called industrial mobilization plans which were published during the 1930's by the Army and Navy Munitions Board belied their name. They were merely outlines of proposed government organization to handle industrial mobilization in wartime. But underlying these organizational suggestions was the basic assumption that complete control of raw materials, productive plants, prices, transportation, and labor would

be indispensable. That assumption was never challenged.

Here then was the basic thesis, and agreement, upon which much of the planning in World War II proceeded. Once we were involved in war, no time had to be lost in arguing whether central government direction of the use of productive resources was desirable or not. The need was granted. The job remained of planning the specific action to create the armed forces required for victory. In the absence of any large-scale planning experience in the past, our wartime achievements were all the more remarkable. As early as January, 1941, General Somervell, then in charge of the War Department construction program, told the House Committee on Appropriations that as an engineer he believed that if proper and complete plans had been available in the autumn of 1940, at least \$100,000,000 could have been saved in the construction program.<sup>12</sup> No congressman attempted to deny the need for such planning. And no legislative attack was ever made upon War Production Board planning, except on occasion when charges were made that the planning was not adequate or wise.

Basic public policy was not a political issue from 1941 to 1945. If we were to avoid defeat by the Axis, the instrument of government had to be used to organize the necessary armed forces, to direct their use against the enemy, and to support them with all the necessary equipment and supplies our industrial capacity made possible. To be sure, the operating problems were gigantic and manifold; their solution, or at least their

<sup>12</sup> U S Congress, House of Representatives, Committee on Appropriations, *Hearings before a Subcommittee . . . on Fourth Supplemental National Defense Appropriation Bill for 1941*, 77th Cong., 1st sess., p. 49

surmounting, required endless effort. Operational planning lay at the very core of all government administration during World War II. And governmental planning in World War II was of a high order of competence. By the time the war ended, government agencies had acquired considerable comprehension of the problems entailed in planning so huge an enterprise. With surprising success on the whole, the economic resources of the country were divided between direct support of the Army and Navy and the maintenance of our civilian population. A general over-all allotment of productive output was made in the autumn of 1942. The War Production Board decided the proportion of total national productive output which might go to the Army and the Navy, while the Joint Chiefs of Staff in turn divided this share among the air forces, the ground forces, various types of naval vessels, and merchant shipping. Here was basic economic planning for our entire society.

During the war the very word "planning" experienced some rehabilitation. In addition to war planning, there was a great deal of talk about postwar planning. The National Association of Manufacturers named a corporation peacetime planning committee. A vice-president of the General Electric Company began as early as 1941 to travel about the United States with a message that industrial planning should contemplate higher levels of peacetime output than had ever been realized before. The National Planning Association, transformed from its humble beginnings in the 1930's, found it possible to bring prominent persons in business, agriculture, and labor together to discuss postwar government and economic programs. A

group of business leaders in August, 1942, organized the Committee for Economic Development; its subsequent statements and studies attracted much favorable comment. A large private company in 1943 sponsored a nation-wide contest on postwar planning. And a government report on war and postwar adjustments was widely approved. The word planning was no longer the derogatory symbol of previous years.

We need not search far for an explanation. Once large-scale war production was no longer necessary, the major effort of our economy would have to be shifted back to peacetime output. There was no quarrel about this fact, nor about the need for government, business, and labor collaboration in the effort. There would be great pent-up demand for consumer goods, while government requirements would continue to be sizable for some time to come. The physical limitations of reconversion alone would cause a lag in fulfilling consumer demands. There would be no problem in government stimulation of the national economy but rather of government control to prevent grave dislocations in production, the price structure, and consumption. The general objectives of public policy were agreed upon, even if there might be some disagreement about timing and about the eventual consequences of reconversion. Some kind of preparation for the transition from war to peace was necessary for all parties—government, industrial management, and labor. Thus postwar planning was a popular subject for discussion, even during the war years. The planning which was talked about was “practical” or “operational” in character; it concerned ways and means for achieving a general social goal about which there was no basic, or policy, controversy. No one was seriously proposing, for example, that the war experience

should be used as the basis for continuing, long-term government direction of the nation's productive output.

#### NATIONAL POLICIES

What do we mean by national policies or policy formulation? How does a policy differ from a plan? Are the two terms simply to be accepted as synonymous? Is any attempt to make a distinction worth while? What difference does it make if our past discussions of planning have failed to draw any line between policy formulation and operational planning?

There is a vital difference between policies and plans, even if the difference is sometimes difficult to perceive. Policy formulation is probably the more important, for basic policy decisions under most circumstances must precede the preparation of plans. An interchangeable use of the words is accordingly undesirable for at least two reasons. Much administrative activity in the government is devoted to recommending and determining desirable public policies, and our legislature is constantly writing public policy into statutory enactment. This phase of the governing process requires the greatest attention. It is here that the most controversy ordinarily centers. We need to identify carefully the essential elements of various proposed policies and their implications. In other words, nothing should hamper an unfettered, clean-cut discussion of public policy on its merits. But, in the second place, we should not fail to realize that once policy decisions have been made, much effort must still be devoted to translating public policy into administrative action. As long as a particular policy remains in effect, the preparation and revision of plans must continue.

An unpublished memorandum of the National Resources Planning Board once defined policy-making as "the selection of lines of action through the resolution of questions involving value judgments." This is a suggestive definition, since it implies that public policies must necessarily embody a conception of desirable objectives or purpose in government action. A different way of expressing the same idea is to say that policies make up the fundamental principles upon which governmental action—that is, government administration—is based. Policies fix the terms of reference within which plans are prepared. But policies are not plans. Rather, they are the basic framework for planning.]

More and more in recent years various acts of Congress have set forth explicitly the policies to guide government activity. For example, an extensive statement of public policy was included in Title II of the War Mobilization and Reconversion Act of October 3, 1944. Here Congress declared that the War and Navy departments should not retain persons in the armed forces for the purpose of preventing unemployment or awaiting opportunities for employment; that contracting agencies of the government should terminate prime contracts for war production whenever performance of a contract was not needed in the prosecution of the war; that curtailments of war production should be synchronized with expansion of other war production or of peacetime output, that whenever raw materials were available for non-war production, a proportion should be made available exclusively to small plants; and that the Attorney General was to report war or postwar factors tending to eliminate competition, strengthen monopolies, or otherwise promote "undue concentration of economic power."

Operational planning, on the other hand, is preparation for administrative action. Its purpose is to produce a fairly detailed and specific program designed to achieve stated objectives. In other words, operational planning contemplates action. It is indispensable in guiding administrative effort, and gives meaning or purpose to administrative activity.

#### POLICIES AND PLANS

A few illustrations may help make clear the difference between policies and plans. It was all right for Congress to say that men should be released from the Army as rapidly as they were no longer needed for military duty. But this was no answer to the problems of how to select the men to be released or how to schedule their release over a period of time. Careful plans were essential in carrying out the policy. Nor was it sufficient for the War Department to decide that men should be released in accordance with length of military service and number of dependents. Some specific scheme had to be devised which would identify the men with the desired qualifications.

The report of the National Resources Planning Board's Committee on Long-Range Work and Relief Policies was not a plan in the sense that it charted a specific course of administrative action. This report was often compared with the Beveridge Report on Social Insurance and Allied Services. The two were very different. The American document covered a much wider scope and was directed primarily to a discussion of fundamental public policy. The Beveridge Report, on the other hand, assumed continuance of the existing social security system of Great Britain and proposed specific improvements. Thus the major recommendations of the Committee on Long-

Range Work and Relief Policies were that the government should realize that the need for public aid would be large and persistent for some time to come, that this need was caused in large part by serious maladjustments in the operation of the American economy, and that economic insecurity required diversified attack. The report urged increased emphasis upon preventing economic insecurity through a fuller utilization of our productive resources. It also advocated government provision of work when private industry was unable to afford sufficient employment. Another recommendation proposed a distribution of financial responsibility for all public aid costs between the various units of government, this distribution to reflect differences in need and in fiscal capacity. As far as the existing social security system itself was concerned, the report recommended certain extensions in coverage and the provision of benefits for a uniform period.

In introducing its report, the National Resources Planning Board set forth four fundamental propositions. The first was that our economy must provide work for all who are able and willing to work. Secondly, for those adults whose work was interrupted, the social insurances should carry much of the load of providing an adequate income. Thirdly, where work policies or social insurance failed to take care of interrupted income, adequate guarantees of minimum assistance should be provided through a general public aid system. Finally, government should insure adequate health, education, and welfare services to the population as a whole.

But these recommendations scarcely constituted a "rounded and integrated program," as a member of the board once described them. Rather, as the very title of the report sug-

gested, the recommendations of the board and of its committee were addressed to fundamental considerations of public policy. The preparation of plans could proceed only after these policies had been approved. Thus, a *policy* of distributing the financial responsibility for public assistance among various units of government was not a *plan* for such distribution. A plan would have to call for some specific scheme for distributing funds to states for welfare services.

Pla

Detailed agricultural planning for the postwar years will be possible only after a number of policy decisions have been made. What is to be the general policy on agricultural prices in relation to world prices? Shall desired agricultural income be obtained through production controls or through compensatory payments? What shall be the government policy on the size of agricultural producing units and on the size of the farm population? What shall be government policy on farm tenure? These are just some of the basic issues which must be decided.<sup>13</sup> Agricultural plans must then proceed to translate these policy decisions into specific objectives and concrete programs of action.

The current interest in fiscal policy further illustrates the importance of fundamental "value judgments" which must precede detailed government planning. Fiscal policy simply refers to the government's guiding principles in raising and spending money; it includes both the means of obtaining revenue (taxation, borrowing, and creating new money) and the objects for which this income is expended. It is generally agreed that government decisions in this field must have a profound, if not determining, influence upon the whole level of

<sup>13</sup> See Theodore W. Schultz, *Agriculture in an Unstable Economy*, Part IV.

productive activity and employment in the United States. But first, as a government, we must decide to use the income and expenditures of government as a means of influencing economic activity. Then we must decide upon the volume and general objects of expenditure—developmental projects, payments to individuals, debt service, welfare services, and national defense—and upon the source of income. Many government plans depend upon such decisions.

A statement on water development policies, prepared by the Water Resources Committee of the National Resources Planning Board in 1940 is yet another illustration of the difference between policy-making and planning. This statement presented the committee's agreement (with the Corps of Engineers dissenting) on a desired water policy to be announced by the federal government. The first essential, the committee said, was multiple-purpose development. Regardless of the initial consideration, whether it be navigation, flood control, irrigation, water supply, or water power, each river development project should involve all or several of these ends. The other essentials of a desirable water policy included the principle of accelerating construction during periods of business depression, the proper consideration of general social and long-range benefits as well as of immediate economic or special benefits, and the elimination of existing conflicts in the laws and regulations governing surveys and programs for water development projects.<sup>14</sup> This last referred to the provisions of the Reclamation Acts of 1902 and 1939, requiring the beneficiaries from

<sup>14</sup> See "Water Development Policies," in National Resources Planning Board, *Development of Resources and Stabilization of Employment in the United States*, H Doc 142, 77th Cong., 1st sess. (January, 1941), p. 371.

such projects to bear part of the cost, a practice not followed in the projects of the Corps of Engineers and of the Tennessee Valley Authority.

Such a statement of policy is very different from a river or drainage basin development plan. The desirability of multiple-purpose river projects is one thing; a specific program of projects for the development of a specific river is something else. The desirability of a common financial approach to river development is one thing; the details of that common financial approach must still be worked out. In other words, a federal water development policy along the lines put forth by the Water Resources Committee of the NRPB was an essential first step in planning the utilization of water resources. But it was not a water development plan in the sense, for example, of the Missouri valley development plan which was agreed upon by the Bureau of Reclamation and the Corps of Engineers in 1945.

To resort to a military analogy, we might note that basic decisions on strategy are basic national policies. In World War II, as is well known, a fundamental strategic decision was the one specifying the Axis in Europe as the first major object of allied military effort. The war in the Pacific was to receive secondary attention. This decision necessarily involved a "value judgment": Germany was acknowledged to be the more dangerous enemy and so was to be defeated first. There were contributing considerations: England provided a well-developed base for mounting our military effort, and the ports of England were only half as distant from the United States as the ports of possible Pacific bases. This and subsequent strategic decisions in turn had to be followed by many detailed plans

prepared within the War and Navy departments. The most important planning documents in the War Department, in Washington were: the troop basis, showing the projected total strength of the Army and the division of that strength among air force troops, ground force troops, service troops, and personnel to maintain Army activities in the United States, a forecast of troop deployment (based in large part on shipping capacity); the various aircraft schedules fixing aircraft production; and the army supply program fixing procurement objectives two years in advance for all other Army supplies. Other plans prepared in Washington and overseas fixed combat objectives such as the invasion of Sicily, the cross-channel operation of 1944, or the invasion of Okinawa. All these were the operating plans for carrying out the basic strategy of World War II.

#### THE REPORTS OF THE NATIONAL RESOURCES PLANNING BOARD

This distinction between policy formulation and planning is important in reviewing the work of the National Resources Planning Board.<sup>15</sup> If the board's published reports from 1934 to 1943 are critically examined, it is immediately apparent that none of these reports is an actual plan for administrative operation. Rather, the reports deal with fundamentals of public policy. They provide factual data indicating essential public needs. The outlines of desirable public policy are either implied in the data set forth or are presented by the board or by the board's committee making the study. Such reports as *Our*

<sup>15</sup> Here and throughout this book the designation "National Resources Planning Board" refers both to the NRPB as it existed from 1939 to 1943 and to its predecessor agencies from 1933 to 1939. There was an essential continuity in activity and personnel during these ten years.

*Cities: Their Role in the National Economy* (1937); *The Problems of a Changing Population* (1938); and *Industrial Location and National Resources* (1943), pointed to various public problems such as congestion in our urban centers and the social consequences of urban living, the decline in population growth, and the pattern of industrial location with its attendant social and economic problems. Only the broadest recommendations for action were made in these studies.

Even the various regional studies which the board did so much to promote were of a similar character. The most comprehensive was the volume *The Southeast*, published in 1942. Ostensibly sponsored by a Southeast Regional Planning Commission appointed by the governors of seven southeastern states and including local publishers and businessmen, this report was in large part put together by federal officials in the region. The bulk of the data presented essential information about the various economic and social problems of the area. The recommendations set forth by the commission itself were of a general nature.

For example, the commission asked Congress to consider the creation of a federal holding corporation to purchase high-cost and high-hazard farm areas in order to facilitate their conversion to the "best potential use." Another recommendation asked for a "restatement and clarification of the primary objectives of agricultural adjustment." In these and other recommendations the commission was admitting that there was a fundamental need for altering the economy of the Southeast. Thus it acknowledged the need for development of diversified and livestock farming, conservation of farm land, improvement of land-tenure practices, housing improvements, greater

industrialization, and river improvements, to contribute to better use of the area's resources.

None of the recommendations of the Southeast Regional Planning Commission actually constituted a program of action to be carried out by one or several administrative agencies. What specific support was the federal government to give to education in the southeastern states? What specific river valleys were to be developed, to what extent, and where were dams to be located? What specific areas of "high-cost and high-risk" agricultural land were to be acquired by the federal government, and to what specific new uses was this land to be put? How was public health service in the southeastern states to be improved? Was the federal government to pay the entire cost of an urban and rural housing program in the Southcast? Was this housing program to depend primarily upon public construction and management, or upon government subsidy and assistance? These and many other questions had to be answered in concrete terms before one would be justified in speaking of a "regional plan" for the Southcast.

What was really at stake in the discussion of the southcast region was a public policy which would acknowledge the need for a change in the economic bases of the area. The actual government planning for existing federal programs in the Southeast could only proceed within the framework of legislative intent announced to date. In part, that planning might help to realize the fundamental policies set forth by the Southeast Regional Planning Commission and endorsed by the NRPB. But actually the existing agricultural policies as announced by Congress, and in considerable part determined by southern agrarian interests, did not favor any basic shift in

the economy as a whole, let alone in the agriculture of the region<sup>18</sup> We have not yet determined as a matter of public policy that positive steps by government should be taken to alter the economic bases of the southeastern states. Until such a fundamental decision, until such a "value judgment" is made, we cannot have a regional plan for the Southeast of the type which the Southeast Regional Planning Commission seemed to want.

Over a considerable period of time the National Resources Planning Board itself avoided any direct comment or commitment upon the studies which it published. These studies usually represented the conclusions of a committee of government or other technical experts. On some occasions the studies were largely the work of a single individual. Only in the last years of its existence, mainly after 1941, did the board itself indicate its own collective attitude about various issues of public policy. The introduction to the *Report on Security, Work, and Relief Policies* was the first of its kind.

Moreover, the board made little positive effort to have its own or its committees' recommendations put in practice. The reports stood by themselves. If the President was then disposed to action, or if an individual Congressman or some individual interest group chose to make the work of the Resources Board the basis of proposed legislation, all well and good. The board itself did not push its point of view. It did not draft legislation. It did not actively encourage individual administrators or legislators to carry out its suggestions. The board undoubtedly felt that it was making a maximum contribution to national welfare.

<sup>18</sup> For evidence of this fact, see the recent discussion by Theodore W. Schultz in *Agriculture in an Unstable Economy*

by raising basic public issues through the publication of data on our resources and the operation of our economy. The board called attention to undesirable conditions revealed through statistics and other research data, its studies suggested broad outlines of desirable public policy. As an agency of the government the board went no farther than that.

This point is worthy of emphasis. There has been much confusion about just what the board did do in our administrative structure, about the board's actual role at the center of the government. The board should be judged first of all in the light of its contribution to public education in essential public policies. It was one force helping to shape ultimate government policy, but it was largely removed from the sphere of administrative action. The board itself never defined its role in just these terms, and it aspired on occasion to play a somewhat different part. But it remained primarily an agency for exploring desirable public policies, with a disposition to urge government action in lifting living standards and in meeting social needs.

Through its reports the National Resources Planning Board considerably influenced much administrative activity within the federal government. But it was an influence exercised by the force of ideas; it was not an influence exercised through administrative directives, administrative review, or administrative supervision.

Because the National Resources Planning Board was always concerned with issues of basic public policy, and because it was usually anticipating needs which had not yet become acute enough to compel immediate legislative or administrative action, it encountered much criticism. In spite of its use of

technical experts, it could not free itself from identification with a point of view favoring government intervention in various fields. The board was opposed by all those who were unwilling to admit the existence of a particular problem, or who were hostile to public action in its solution. This hostility was not always centered in the legislature or among private groups. There were administrative vested interests as well. One example was the inability of various representatives of government agencies concerned with transportation, when brought together by the NRPB, to agree upon a desirable transportation policy. The dissent of the Corps of Engineers from the statement on water development policies was another example. Yet two years after the board's demise, the Corps of Engineers joined with the Bureau of Reclamation in a common program for the development of the Missouri valley. The work of the board no doubt had some effect in producing this result; but the threat of a possible Missouri Valley Authority was a more compelling factor in bringing about the agreement. Those who were not in sympathy with the board's point of view sought its elimination.

In the second place, the board encountered some criticism on the grounds of its administrative ineffectiveness. This will be discussed later. Here it is enough simply to note that the board's constant concern with public policy, particularly with the need for new policies, in part led it to avoid immediate administrative responsibilities. It played only a minor role in assisting the President to review and coordinate existing plans prepared within the government.

The National Resources Planning Board must be understood and evaluated as an agency concerned with public policy in a

period of violent change in the concept of government. It was a symbol for the many different persons who were vitally interested in this great change, and who were eager to bring larger and larger parts of our economy and society under rational, positive direction. The board was not a planning agency in the administrative sense of the word, although many of its staff members hoped it would become essentially a planning review agency for the President.

#### THE IMPORTANCE OF PLANS

The suggested dichotomy between policies and plans should not be pushed too far. Of course a management agency in government should concern itself with desirable government policies. But this is only part of its job; management must also prepare or review current operating plans as a part of directing administrative activity.

From the point of view of the individual or group primarily interested in the government's role in our society and in its activity in promoting a particular economic interest—say, for example, aviation—public policies are of first importance. Controversy about public policy is exciting. It is the very stuff upon which our democracy lives. Public policies are, or should be, the essence of political party disagreement. Proponents and opponents expend great effort to obtain majorities for or against various desired governmental activities.

From the point of view of the administrator, operating plans are of first importance. The most important single factor in achieving maximum output from the resources employed is careful planning. Under ordinary circumstances the more detailed and thorough the advance preparation, the less waste

will result from poorly utilized manpower or materials. In other words, we must have planning for our existing governmental programs. A growing management profession in the last forty or fifty years has constantly emphasized this fact. It is this kind of planning, for instance, that General Somervell and Mr. Stone have in mind in their definitions reproduced at the beginning of this chapter. As long as we have any existing government activities, any existing policies, we must have government planning.

Perhaps it is too much to hope that in the use of this word "planning" writers and students will refer only to operational planning. The excitement aroused by Hayek probably demonstrates the illusory nature of any such proposal. Some will undoubtedly continue to look upon planning as concerned mainly with various public policies, while others will think of it in terms of existing administrative operations. But it will surely help our understanding of administration particularly, if we bear in mind that there is, or should be, a non-controversial aspect of planning which goes on within our great governmental agencies. The object of attack by those who are opposed to a government activity ought, then, to be the activity itself, or the policy underlying the activity, more than the plans prepared for its execution.

#### THE POSTWAR OUTLOOK

The passage of the Employment Act of 1946, approved on February 20, 1946, gives reason to ask whether there may not be less policy controversy about national government activities in the next few years. Certainly it does seem likely that, regardless of the attitude of many individuals, our political society

and its institution of government have now made a far-reaching promise.

The Democratic Party's platform of 1944 began with these words: "The Democratic Party stands on its record in peace and in war To speed victory, establish and maintain peace, guarantee full employment, and provide prosperity—this is its platform." The Republican Party's platform of the same year contained words which were almost as positive. "We shall adopt a program to put men to work in peace industries as promptly as possible. . . . We shall promote the fullest stable employment through private enterprise." And later the platform added: "Our goal is to prevent hardship and poverty in America That goal is attainable by reason of the productive ability of free American labor, industry, and agriculture." The fact that this was a political party pledging itself to adopt a program to achieve "the fullest stable employment" in private enterprise inevitably meant that the power of the state was to be used in realizing the pledge.

As the Republican nominee for President, Governor Dewey was even more emphatic in his elaboration upon the party's position In a statement at San Francisco on September 21, 1944, he declared.

Government's first job in the peacetime years ahead will be to see that conditions exist which promote widespread job opportunities in private enterprise. There are many means to that end, including the creation of foreign markets and the promotion of foreign trade. If at any time there are not sufficient jobs in private employment to go around, the government can and must create job opportunities, because there must be jobs for all in this country of ours. . . Yet if there is one thing we all agree upon, it is that in the coming peacetime years we in this country must have jobs and opportunity

for all. That is everybody's business. Therefore it is the business of government.

President Truman on numerous occasions avowed his determination that the American government should make sure that the conditions of the 1930's were not repeated. In a radio address on October 30, 1945, he remarked that "the American people are entitled to know now that this government stands for prosperity and jobs—not depression and relief." Again in a radio address of January 3, 1946, he spoke of "the need of obtaining full production and employment at home," and of "our goal of full production and a higher standard of living." At another point in the same address he declared that "the problems of our economy will not be solved by timid men, mistrustful of each other."

Already, moreover, there is a ferment at work to make "the right to work" one of the liberties men may expect to enjoy. For example, the Statement of Essential Human Rights drafted by a committee of the American Law Institute, with members from many different nations, contained as Article No. 12 these two sentences: "Everyone has the right to work. The state has a duty to take such measures as may be necessary to insure that all its residents have an opportunity for useful work." We are told that such a provision has already been established in the constitutions of nine different countries.<sup>17</sup> Undoubtedly the Commission on Human Rights established under the Economic and Social Council of the United Nations will center much of its attention upon a government's obligation to provide work.

<sup>17</sup> See "Essential Human Rights," *Annals of the American Academy of Political and Social Science*, January, 1946

Indeed, Article 55 of the United Nations Charter specifies that the United Nations shall promote "higher standards of living, full employment, and conditions of economic and social progress and development." The same article commits the United Nations to "universal respect for, and observance of, human rights and fundamental freedoms." The next article specifies that all members of the United Nations pledge themselves to take joint and separate action to achieve the purposes set forth in Article 55.

Thus full employment has become a political promise in this country, and is being strongly urged as a moral right. The Employment Act of 1946 affords legislative recognition of both. The declaration of policy contained in Section 2 of this act, if stripped of its many qualifications, simply says that "it is the continuing policy and responsibility of the federal government to use all practicable means . . . for the purpose of creating and maintaining . . . conditions under which there will be afforded useful employment opportunities . . . for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power."

We have embodied in the Employment Act of 1946 and in our acceptance of the United Nations Charter a solemnly pledged policy that the government will seek through positive means to achieve "maximum production, employment, and purchasing power." This policy, moreover, apparently has the official support of both major political parties.

In the years ahead, however, there will undoubtedly be many different interpretations of just what steps our federal government should take to achieve maximum employment and production. While any large number of unemployed will auto-

matically be regarded as reflecting a failure to achieve our national promise, there will be much less certainty about the necessary corrective steps.

Yet the Republican and Democratic party platforms of 1944 and the Employment Act of 1946 must be regarded as definite steps forward. We seem to have admitted that the power of government must be used to achieve a continuing growth in productive output and gainful employment. Even this much was not admitted during the 1930's. Presidents and political parties must henceforth be prepared to face judgment on the basis of how much employment exists in our society. Just as an engineer's reputation depends upon his success in translating blueprints into reality, or as a general's reputation depends upon his success in taking specified objectives, so the reputation of future Administrations will depend upon their record in realizing full employment.

Government policy-making and government plans in the next few years will unquestionably center upon ways of achieving full employment. Already the fundamental policy issues are appearing. Some will continue to maintain that government "interference" is preventing private economic activity from providing maximum employment. The faith in a self-sustaining economy at high levels of production and employment is not dead. Others will insist that government tax authority and regulatory machinery are the only tools needed to stimulate expanding production and employment in private enterprise. Arguments about the use of money and credit measures have not yet disappeared either. Another group will seek more positive means of government influence. The so-called "deficit-spending school" may advocate large-scale government invest-

ment in transportation, housing, and river development. A different group may urge government determination of private production goals, with either a "guarantee" of total consumer spending or specific market guarantees for essential commodities. We are a long way yet from agreement upon which set of policies to follow in achieving the promise of maximum employment.

In large part these decisions may be made in the light of economic analysis. But to an even larger extent probably the decisions will depend upon "value judgments." Should the government guarantee production? Should the government plan production? What is the desirable volume of governmental expenditure in our economic society today? What should be the objects of those expenditures? What proportion of government outlay should be defrayed from taxation and what from borrowing? Under what general economic conditions should tax and spending policies change? These are all basic issues in future government policy formulation. There is bound to be much controversy about government policies in the years ahead.

But regardless of how these policy issues are decided, government planning must and will continue as long as we have any governmental activity at all. This is the important fact we need to recognize. Planning must inevitably raise fundamental policy problems. But policy decisions are not the end of planning. From an administrative point of view they are only the beginning.

The planning responsibility in the management of administrative activities, then, is twofold. The first is to make clear the basic policy decisions or value judgments upon which pro-

posed operations rest. Certainly these value judgments should be reassessed by government officials and others. New policy proposals may come from administrative officers as well as from individuals, from interest groups, and from our legislature. The immediate management responsibility at all times, however, is to prepare adequately for future administrative action. The very act of operating any large government effort entails the obligation to plan ahead, to set objectives, to devise a specific course of action.

The term "operational planning" seems an appropriate one to apply to the process of current planning and current review of plans. The danger in its use is the implication that administrators are not, or should not be concerned with the formulation of policy. Administrators—whether they be the division head, the bureau chief, the secretary of a department, or the President—must interest themselves in the policy implications of what they are doing, and in desirable future public policy. Operational planning cannot well be divorced from policy issues, even if the consideration of policy questions is carried on by a management agency separated from those planning the details of executing existing policy. But under no circumstances can an administrator afford to dispense with operational planning.

Thus in the years ahead we must expect to find much controversy about national policies, but at the same time there must be continual planning to carry out those policies currently in effect.

## 2. THE PLANNING PROCESS

THE preparation of plans for administrative activity involves at least three phases: the determination of objectives, the measurement of an existing situation, and the design of a program for positive action. Planning as the means for giving direction to administrative operations is not complete until all three of these phases have been completed. It is the third especially—a program for action—that planning discussions often tend to ignore, as if a statement of objectives and elaborate data about present conditions were enough. As far as administration is concerned, there is no plan until there is a proposed course of action.

To be sure, this description of the planning process is a very broad one. It certainly gives an inadequate idea about the amount of work which each phase may require. And at best such a description conveys little about planning techniques, from those familiar to the city planner, such as the master plan and the capital improvement program,<sup>1</sup> to the elaborate data about raw materials utilized by the War Production Board. Yet it affords an adequate framework for reviewing certain important aspects of planning.

### FIXING OBJECTIVES

The planning process begins with a sense of need, a basic dissatisfaction, or a concept of the desirable. Obviously a sense of need or even a concept of the desirable does not materialize

<sup>1</sup> See, for example, Russell Van Nest Black, *Planning for the Small American City* (Chicago, Public Administration Service, 1938).

out of man's imagination alone. They are produced by a wide variety of factors, but especially by man's reaction to his environment. Government planning arises out of the desire for social action through government which our political processes produce. Administrative officers help to identify and formulate these desires; the executive and legislature must give them some form of approval. The very process of deciding what government shall do in our society is the first step toward fixing the objectives of administrative action, the first step in planning the work of administrative agencies. The job of planning, reduced perhaps to its most elementary aspect, is the constant task of refining and sharpening the objectives to be accomplished through administrative action.

Necessarily, planning must also anticipate difficulties. There can be little intelligent planning which does not seek to identify future problems. Thus, the agricultural planner foresees declining demand for farm commodities when our own exports to meet war and immediate postwar needs give way to exports based upon foreign purchasing power. Sometimes our planners fail to assess a future situation correctly; the Baruch-Hancock report in 1944 said nothing about the possibility of labor-management strife in the reconversion period, and apparently no advance preparations were made to handle the large-scale strikes which followed V-J Day.

In general, there are three aspects to the process of establishing objectives for administrative action which require better appreciation. First of all, objectives ordinarily arise from important policy decisions. In the second place, major objectives in turn lead to secondary objectives to be realized in administration. And thirdly, broadly defined objectives are only a

## THE PLANNING PROCESS

beginning in planning; they must be translated into specific definition before they can be of real use for administrative purposes.

It is in the stage of fixing the objectives for administrative action that policy formulation and operational planning are inextricably joined. The first broad attempts at defining the goals of administrative action usually repeat the policy already laid down by law, or the policy decided by a chief executive. These policy statements reflect value judgments about the desirable, or the needed. When the economic planner talks about full utilization of productive resources or higher standards of living he is first of all expressing the belief that these are desirable social ends. When a chief executive or a nominee for President says that government must insure full employment, he is expressing more than an objective for government action. He is enunciating a basic concept about the role of government in our society.

Even the health officer who speaks of reducing the maternity death rate; or the police officer who seeks to reduce juvenile delinquency, or the park administrator who wants more and better recreational areas—each of these is first of all stating a basic philosophy about government and then secondly beginning to fix goals for administrative action. This is as it should be in our nation. There is no point in emphasizing the importance of public policies if they are not to have some meaning for government in action. And in a responsible government we expect administrators to obtain their policies in the first place from legislative enactment and the decisions of a chief executive. So objectives in terms of broad policy are where the administrator must begin his planning work. If the policy is not yet

approved, then he cannot undertake the plans he may prepare until legislative or executive review and consent is obtained.

In defining broad objectives an administrative agency has the opportunity, indeed the obligation, to review the policies underlying them, to reassess purposes and "value judgments," and even to propose different or modified policies. It is this part of the planning process which especially enables administrative officials to contribute their part to the formulation and determination of basic government policies. Where important basic policy issues have not been clearly settled, then the planner and administrator of a government agency may either temporize until policy guidance is forthcoming, or they may proceed as they see fit, thus forcing policy decisions.

Policy as broad objective for administrative action may in turn raise subsidiary issues. The procurement goal for the War Department in World War II, for example, was to obtain the supplies which were needed for the forces believed necessary to defeat the Axis. But this was only a beginning. Were the supplies to be obtained primarily from private industry? To what extent should the government own or operate production facilities? As both private and public production facilities were expanded to meet war needs, what central control over plant location should be exercised and what should be the purpose of such control? The Veterans Administration, in carrying out the policy of providing educational benefits to the veterans of World War II, must decide whether correspondence schools and certain specialized technical schools shall be included as educational institutions under the law. These are also important, even if subsidiary, problems of government

policy growing out of major purposes. Indeed, all stages in planning and executing government programs must inevitably raise many such questions for administrative or legislative decisions. Administration is synonymous with the consideration of and action upon recurring issues of many kinds. Planning is simply one part of administration which serves especially to focus attention upon the many secondary policy questions requiring administrative action.

Yet satisfaction with broadly defined objectives for administrative guidance reveals ignorance of operating needs or a reluctance to provide the specific goals which alone mean effective management. A War Department example may well be cited here again. It was not enough for the supply command to say that its goal was "the right supplies in the right quantities at the right places at the right time." Such a statement of the army supply program was of no value to the War Production Board in controlling the use of raw materials, in curtailing civilian production, or in encouraging the conversion of productive facilities to war output. The Office of Production Management in 1941 rightly insisted that it had to know specific quantities of War Department supply needs by specific times in order to make its own planning effective. The War Department urgently required this information too. There was little hope of supplying combat units or overseas combat areas with their supply needs unless those needs could be fixed in terms of specific quantities of rifles, machine guns, tanks, ammunition, communications equipment, construction equipment, medical supplies, and clothes.

In his message to Congress on January 6, 1942, President Roosevelt fixed several specific objectives for war procurement.

He said he wanted 60,000 airplanes in 1942 and 125,000 airplanes in 1943; he wanted 45,000 tanks in 1942 and 75,000 in 1943; 20,000 anti-aircraft guns in 1942 and 35,000 in 1943; 8 million deadweight tons of merchant shipping in 1942, and 10 million tons in 1943. The President took these goals from some preliminary planning which had explored the quantities of material which might be required to defeat the Axis. In some cases the objectives also represented incentives. They were somewhat higher than close estimates of need in order to encourage maximum effort by industry and government. Thereafter, these objectives became the constant concern of hundreds of administrative officials. Subsequently some of them had to be modified. Thus the anti-aircraft gun objective was too large, once the Allies gained aerial supremacy. And the items mentioned were simply representative of all those covering the whole range of military supply.

During the war the Department of Agriculture established definite production goals for farm output. The production goals for 1942 as set forth in January of that year called for the production of 125 billion pounds of milk, 83 million hogs for slaughter, 95 million acres of corn, 25 million acres of cotton, 55 million acres of wheat, 28 million cattle and calves for slaughter, 35.7 million turkeys for slaughter, 72 million acres of hay production, and 29 million acres of fresh vegetable production. The goal for fruit production was fixed at 1941 levels. These were just some of the objectives set by the department. Price policies and other policies were all aimed at realizing these particular production goals.

One problem in fixing objectives is to find a possible standard with which to project the desired goal. For example, park and

recreational planners have agreed upon a standard for measuring the total acreage in an urban community which should be devoted to park and recreational areas. The standard set forth is one acre of parks for each 100 population, or 10 per cent of the area of a city. This standard is regarded as satisfactory for the average city up to 500,000 persons with a population density of about 10 per acre. Under conditions of greater population density the standards might be modified to one acre to 200 persons, or even one acre to 300 persons in cities above a million in population. For play areas the standard has been set at about two acres per 1,000 population.<sup>2</sup>

In an effort to find a peacetime standard for agricultural production in the United States, the staff of the National Resources Planning Board once suggested the objective of an adequate diet in qualitative and quantitative terms for all Americans. Since we know the desired caloric intake and nutritive value of the foodstuffs a person should consume each day for good health, these data might be used as the basis for fixing desirable goals in food output.<sup>3</sup> This approach was used in an experimental study in 1942. Among other things, it revealed the need to increase milk consumption 100 per cent above 1936 and 1940 levels. A 130 per cent increase was needed in the consumption of leafy green and yellow vegetables. But only moderate increases were required in the consumption of potatoes, tomatoes, and citrus fruits, while sugar consumption

<sup>2</sup> See "Preliminary Report of the Committee on Park and Recreation Standards" in *Planning*, 1943 (Chicago, American Society of Planning Officials, 1943), pp. 106-12.

<sup>3</sup> See Hazel K. Stiebeling and Faith Clark, "Planning for Good Nutrition," *The Yearbook of Agriculture*, 1939 (Washington, Government Printing Office, 1939), p. 321.

could be reduced nearly a third. The entire acreage required to produce the desired quantities of food to provide an adequate diet for all citizens in 1940 would have been only  $2\frac{1}{2}$  per cent larger than the actual acreage under cultivation. At the same time substantial shifts would be necessary in the use of this land. The largest increases in acreage would have to go for truck crops and hay. Decreased acreages would be needed for food grains, beans, peas, and nuts. Hay acreage would have to be increased 26 per cent in order to feed a 34 per cent increase in the number of milk cows; there should be a 5 per cent decrease in acreage devoted to grains for food and feed. There would be a 180 per cent increase in the acreage devoted to the production of leafy green and yellow vegetables. If more than moderate dietary standards were applied to the population as a whole, proposed acreage and production increases were considerably greater.<sup>4</sup>

The use of standards was also tried in a different field, that of library service. In 1941, the National Resources Planning Board asked the American Library Association to turn the attention of its Committee on Postwar Planning to the problem of library standards. The result was a report published by the American Library Association in 1943 under the title *Postwar Standards for Public Libraries*. With certain qualifications, the committee presented various standards for library service, area served, library buildings, library administration, library finance, library personnel, and library technical processes. For example, the committee suggested that the area

<sup>4</sup> This study was made by the staff of the Land Committee of the NRPB with the assistance of a number of different officials in the Department of Agriculture. The report was never published except for circulation inside the government.

served by a library should be large enough to support an adequate library service. The minimum annual income for an efficient library unit was fixed at approximately \$25,000 a year, which could normally be provided by a population of 25,000 persons. The per capita cost of library service in areas with 25,000 population or more was fixed at \$1.00 per capita for minimum service, \$1.50 per capita for reasonably good service, and \$2.00 per capita for good service. The standard for circulation of books was fixed at from 3 to 10 volumes per capita annually for the population over fifteen years old, and 10 to 30 volumes per capita for the population from five to fourteen years of age. Among the service standards was one stating that each library serving a population of 25,000 or more should have an adult reading specialist to give reading guidance to individuals and groups, and to stimulate adult education through reading. The committee also set up general standards for buildings and estimated the per capita cost of a first-class central library building. This set of standards could then be used as the objective for library planning in the United States.<sup>5</sup>

To be sure, not every field of governmental activity lends itself to precise measurement. In these cases the planner must necessarily fall back upon other means. In some cases objectives can be framed in terms of meeting unfulfilled needs, or in terms of improving an obviously unsatisfactory condition. The Children's Bureau, for instance, has collected certain basic facts about infant and maternal welfare. In 1944, nearly 3 million children were born, while 111,127 babies died

<sup>5</sup> See *Postwar Standards for Public Libraries* (Chicago, American Library Association, 1943).

before the age of one and 6,369 mothers died from childbirth or related conditions. Three out of five counties in the United States had no infant-maternal welfare service from full-time public health units. Three out of five rural counties had no monthly maternity clinics, two out of three had no monthly child health conferences. Only one out of three counties had a public health nurse. Some 200,000 mothers bore children in that year with no medical supervision.

It is easy in the face of such facts to say that the objective should be adequate maternal and infant welfare in terms of a public health nurse in each county, full-time public health units, maternity clinics, and child health conferences. While this may be an eventual objective, the planners of the Children's Bureau have been content to set for themselves at present the objective of reducing infant and maternal deaths by 50 per cent. Thus, if all states had as low a maternal death rate as Minnesota, the number of mothers lost in child-bearing could be reduced by the desired goal of 50 per cent. If all states had as good an infant mortality record as Connecticut, the number of infants dying before one year of age could be reduced by nearly a third. These records provide objectives for maternal and infant welfare.

Most administrative analysts realize that the more unified and concrete the objective, the more efficient the planning and the administration of any enterprise. There are some, like Harlow Person,<sup>6</sup> who contend that "planning and economical management" have developed furthest in those agencies whose objectives "lend themselves to relatively precise

<sup>6</sup> See his "Research and Planning as Functions of Administration and Management," *1 Public Administration Review* (autumn, 1940), p. 69.

definition"—as the Army, the Navy, the Tennessee Valley Authority, and the Rural Electrification Administration. Undoubtedly a planning program which sets its objectives in terms of twelve major dams with corresponding water channel, water storage, and power objectives produces definite goals to be realized. This, in turn, makes for efficient administration, for the least waste of input elements. Unfortunately, not all planning effort can be so specifically guided.

Yet there is no reason to believe that it is impossible to establish objectives in other fields such as education, public health, recreation, and social welfare. Planners in these fields face the challenge of devising specific objectives to guide all planning and administrative effort. New tools may have to be found; much more imagination will have to be given to the task. But goals in terms of meeting specific needs, or in terms of meeting standards of adequate service, can be established with some effort. The work of the Committee on Postwar Planning of the American Library Association reveals what can be accomplished.

Plans for such government activities as law enforcement, the inspection of banks, or the conduct of foreign relations of course present their peculiarities. The Federal Bureau of Investigation cannot very well set as its 1947 objective the apprehension of 1,000 or 10,000 criminals; it cannot be even more precise and say that its goal is the arrest of 100 persons under the Mann Act, 500 under the Lindbergh kidnapping law, and 2,000 under the "hot-car" act. But considerable administrative ingenuity can and does fix certain fairly well defined objectives for law enforcement work. The same kind of problem faces the Anti-Trust Division in the Department

of Justice Planning here calls for different methods. The Federal Deposit Insurance Corporation can fix reasonably definite goals for its work. The peculiarities of subject matter afford no excuse for a failure to plan administrative activities in as great detail as possible.

The determination of objectives for administrative activity is an enterprise to which all operating levels may contribute. Perhaps as good an illustration as any is afforded by forest management. The national plan for forest operations begins in the office of each forest supervisor. Here a forest management plan is laid out in great detail, dividing a forest into working circles. Each working circle contains a tree inventory, topographical data, and rates of tree growth. The forest management plan for the forest makes up a component part of a regional forest plan, and the regional forest plans make up the component parts of the forest management plan for the nation as kept in Washington. Through these plans the yield of various timber crops is calculated, the annual or other periodic cut determined, and the specific areas to be cut are fixed. Local planning thus influences the regional and national planning, while regional and national considerations in turn affect the instructions which are eventually given the forest supervisor. Thus the various operating levels of the Forest Service have a role in defining objectives.

Moreover, fixing objectives is detailed and arduous work. One reason many agencies have been satisfied with general statements of objectives is that they have lacked the resources to plan with greater precision. The procuring agencies of the War Department were unable to work out procurement goals in detail for many thousands of items before the war because

they lacked the personnel and equipment necessary to perform the task. It was only by the time the war came to an end that fairly accurate and continuing procedures had been built for providing a satisfactory estimate of procurement goals.

Nor is the process of fixing objectives a one-time task. It has long been customary to emphasize that planning should be flexible, adjustable to varying conditions and circumstances. Nowhere is this more evident than in determining the objectives of any activity. Even standards do not remain fixed for any considerable period of time. Our conception of a desirable recreational standard today may be greatly modified tomorrow. Library standards may be altered by expansion of adult education programs or by a major shift in publishing practices. Objectives must be constantly re-examined in the light of changing need and changing ideas of desirable conditions.

Objectives are statements of need or purpose. Since in many ways the determination of objectives is the most important single phase of the planning process, it deserves to receive first emphasis. Yet chronologically, the fixing of objectives may come only after a great deal of planning effort. Once accomplished, it is the guide for all subsequent planning activity.

#### MEASURING THE EXISTING SITUATION

Fixing objectives is but one phase of planning. Another phase is a clear comprehension of the existing situation. For only by measuring the gap between what we now have and what we want, can we fix the true magnitude of the job to be done through administrative action.

In 1941 an estimated thirty-five million people in the United States did not have access to public library facilities. This is a situation which affords the library planner with a particular objective—to bring library service to these citizens. In planning improvements in the social security system it is important to know just what assistance and protection is provided by the system we now have. The gap between the security now provided and the security which is desirable or needed is the job to be realized by our future security programs. The present data on maternity and infant deaths have already been mentioned.

It was impossible to plan the procurement program of the War Department realistically without adequate information on existing inventories. At the beginning of the war such inventories were almost negligible, but by 1943, in certain items especially, sizable inventories had been accumulated. When it came time to plan the supply requirements of a one-front war, it was absolutely necessary to know the supply inventories in Europe which might be transferred to the Pacific. A great deal of effort went into establishing adequate inventory data. The procurement objective was the difference between what was available and what was needed.

Thus knowledge of the existing situation is an essential part of planning. The job ahead is measured in terms of the difference between what we have and what we want. Indeed, the work to be done may be nothing more spectacular than a maintenance of the existing situation or condition. But this, too, needs to be known in quantitative terms. Planning almost never begins with nothing. It starts with something and must expect to build upon that toward the ultimate objective. No

planning can proceed very far without detailed knowledge of the present position, whether it concerns an inventory of physical plant, present conditions of soil erosion, current land use practices, or the current record in providing educational facilities for American youth. The planner must know what *is* as a part of projecting what *should be*.

#### A DESIGN FOR POSITIVE ACTION

When objectives have been set in terms of desirable goals and in terms of the gap to be filled, the planner then faces his real challenge—to devise a program of action to produce his goals. In some respects this may be the most difficult part of the planning job. Sometimes the needs are so self-evident that there is little question about what the course of action must be.

But disagreement about methods of achieving objectives is very common, and it is here that the planning official inevitably becomes aware of the pressures surrounding any particular subject, and of limitations in both our administrative practice and our democratic government.

Designing a course of action means finding the crucial or strategic elements of a situation by which government action may achieve or influence the desired result. For example, if the objective of using smaller industrial plants more extensively in war production be agreed upon, what steps can be taken effectively to bring about such increased utilization? Exhortation, policy statements, publicity, and loans may have little tangible result. Planners must find one or more means which may reasonably be expected to accomplish the objective. They must discover the key elements in any situation and design a program

to manipulate them as desired. This calls for a high order of analytical ability, imagination, and courage.

It may be possible to frame a course of action in terms of alternatives. In such cases the planner can leave the ultimate decision on methods to the responsible administrative officer and to the legislature. He may work out any and all possible programs in considerable detail, with as careful an estimate of probable consequences under each alternative as he can forecast.

When procurement goals were set by the War Department in 1942, the immediate problems in designing a course of action were almost innumerable. Were existing productive facilities sufficient for the desired output? What new facilities should be provided? Where should they be located? How was the required labor supply to be found? Were the raw material resources adequate for the required output? How rapidly could production be pushed to the desired levels? Planning the procurement program meant finding answers to these and many similar problems.

There is no single answer to the problem of how to frame a plan. We can only cite many different examples of plans which have been prepared by governmental agencies. Each plan or course of action is peculiar to its own subject matter. The forest management plan of the U. S. Forest Service is quite different from the plan of the Bureau of Reclamation for development of the Missouri River. A plan by the Children's Bureau for reducing maternal and infant deaths would be very different from a plan by the U. S. Office of Education for improving education services, particularly in those areas far below the desired standard or the present average

A plan for invading the continent of Europe or for landing troops on the Tokyo plain is far different from a plan for settling terminated contracts. But all have in common this one characteristic. Each calls for a course of action designed to achieve the stated objective, building on the basis of the current situation. The planning process has certain universal elements, specific plans are peculiar to each field of endeavor.

#### THE TIME FACTOR IN PLANNING

Every program of action must necessarily have a time table. The immediate question always is how much of the objective is to be realized in given time periods.

Timing involves rate of accomplishment. Is a job to be done in periodic increments of equal size, or is a geometric rate of progression feasible? Will it be necessary to adjust output to varying conditions affecting accomplishment? Thus in any construction program more work would ordinarily be scheduled for performance in the summer months than during the winter. And often such external considerations as available appropriations will in turn affect the stages of a program.

There is, of course, nothing hard and fast about a time schedule. It may be speeded up or retarded in accordance with need and external conditions. There are always certain physical limitations to what can be accomplished in any particular time period. Some sense of these physical limitations is important in establishing any schedule. But schedules remain adjustable within general limits, and even the limits can often be modified.

Scheduling a plan is almost the same as establishing cur-

rent work programs. The two may be one and the same. Or for planning purposes, it may be sufficient to establish yearly or other periodic rates of accomplishment and leave to operating officials more detailed establishment of work programs for months and even weeks.

This may be as appropriate a place as any to add a word about another timing problem—the time required to prepare plans. Engineers have long had a rule of thumb which says that it takes as long to plan a large structure as it does to build it. This is, of course, a generalization subject to infinite variations in individual cases. But it is nonetheless important to realize that the planning process itself is a time-consuming one. Plans, particularly in engineering detail, are not achieved overnight. Oftentimes in the past an emergency program has been launched in the absence of adequate plans. Undoubtedly many public works projects were started in 1933 and again in 1935 whose major virtue was an existing detailed plan or a plan which could be completed in a short period of time. Real need was a secondary consideration. Many desirable projects never were started because the detailed plans were not available.

The War Department had many plans for the emergency which eventually came in June, 1940. Unfortunately many of the plans contained insufficient detail to serve as an adequate basis for action. The proposals did not fit the non-belligerent period which continued until the Japanese attack. In such a case many plans had to be improvised as the job was done. Many structures built during wartime had to be designed while the construction was under way. This was acknowledgedly an expensive, wasteful process. The great engineering

works at Oak Ridge, Tennessee, and at Pasco, Washington, used in the manufacture of the atomic bomb, were designed and built while fundamental research on fissionable materials was still under way. Much work was done which was never used. There was no alternative because of the need for haste.

When adequate time is not available for careful planning, or when the required resources in man-hours and facilities are not provided, then improvised, wasteful action cannot be avoided.

#### LONG-RANGE VS SHORT-RANGE PLANNING

The National Resources Planning Board often claimed that its primary function was long-range planning. It directly disavowed any interest in current operating decisions of the government. It seemed to suggest that there was a dividing line between long-range and short-range planning, and that the second was of lesser importance. The NRPB was usually talking about long-range policies. As we have noted, it was especially interested in promoting a receptive atmosphere for later government action. But planning in the sense of preparing detailed programs of action also has its long-range aspects.

No one will deny that planning should look several years ahead. Ordinarily the objectives which any major governmental program wishes to achieve can be realized only over a considerable period of time. Long-range planning means fixing a course of action over a fairly long period of time which may be three years, five years, or ten years. Under ordinary circumstances short-range plans comprise that part of a total goal which is to be realized in a given time period.

Occasionally short-range plans may be intended for use

only in a period of transition or of unusual stress. Thus the federal government's price control plans for the postwar period of reconversion and "catching up" were short-range price plans. They were not part of any long-range governmental effort. They were intended simply to bridge the period between all-out production for war and all-out production of peacetime goods. Planning for federal government activity to insure a self-sustaining economy became after V-J Day long-range planning.

Is there any fundamental incompatibility between long-range and short-range planning? Which deserves the more attention? Which is the more important? The answer seems obvious. Long-range planning gives meaning to short-range efforts. The year-by-year program is simply a phase of realizing ultimate objectives. For example, the Tennessee Valley Authority early in its operation laid out a long-range program of dam construction. The last of the major dams originally contemplated for the development of the valley was dedicated in 1945. The Missouri valley program authorized by Congress in December, 1944, was a long-range plan. No river development program could ever contemplate completion of all its phases in one year, two years, or even three years. It is a peculiarly long-range endeavor which must be accomplished by year-to-year programs.

The same thing could be said about many different types of work in laying out physical structures. The construction of 42 new playgrounds in New York City in 1934 was only a part of a program for providing New York City with 274 new playgrounds by 1940. A program for covering the United States with a network of express or super-highways must be

a long-range goal to be realized by short-range programs. Even a soil conservation program to be realized in 1947 must have in mind the agricultural production goals for 1952.

To be sure, immediate problems may sometimes overshadow or interfere with long-range planning. Some city planning agencies have found that their concern with the location of public buildings and other new facilities this year and next year hampered the preparation of long-range plans for city improvement. In 1941 the War Department General Staff found itself so involved in the immediate problems of expanding an army from some 200,000 men to over 1,500,000 men in fourteen or fifteen months that long-range planning suffered. In 1946 the federal government may have been so concerned with the immediate problems of controlling inflation and speeding reconversion that it failed to give sufficient attention to the long-range problems of government relations to the economic order. These are planning problems which any alert administrator must face and attempt to solve in the best way possible. For the alternative to long-range preparation of action is later improvisation.

On the other hand, it seems undesirable to try to draw a hard and fast line between long-range and short-range planning. The determination of the National Resources Planning Board to concentrate upon long-range planning at times amounted almost to a psychopathic desire to escape reality. For example, the board was not prepared to advise the President during the recession of 1937 on desirable government counter-measures. A program of increased public works and work relief expenditures was rushed to Congress upon the recommendation

of other advisers than the NRPB. Again in 1940-41, although its staff was studying problems of industrial location in the United States, the board was unwilling to intervene actively in the problem of locating new defense plant facilities. It had no general policy to present and no proposals for making a policy effective, if there had been one. Rather, the board obtained an arrangement whereby its staff had an opportunity to comment on specific plant locations before approval by the Office of Production Management. The *National Resources Development Report for 1942* revealed that no definite policy or plan had emerged from this action.

Any planning to be effective, and to be of maximum assistance to administrative officers, must be both long-range and short-range. For as already mentioned, short-range programs may be the means of realizing long-range objectives. In any event, short-range programs must influence, and may even determine, long-range accomplishment. A concentration merely upon long-range goals may be a means of escaping current responsibilities and so may help to avoid current criticisms. But there are greater disadvantages in isolation from current planning. Because they are "long-range," the so-called plans themselves may be less specific and more "unreal" than if prepared in conjunction with current operations and planning. A second disadvantage is practical: to eschew current planning is to make it more difficult to demonstrate usefulness to an administrator and a legislature. And in the third place, inattention to current programs may prevent the realization of long-range objectives.

Long-range planning that ignores the short-range steps by

which the eventual goal is to be achieved is not worthy of being called planning. And a short-term objective which does not envisage an eventual goal is wasteful of effort

#### THE GEOGRAPHICAL FACTOR

The planning process has also its geographical aspects This warning is perhaps more important for national planning than for state and local planning, although obviously it operates even in the latter instances But national planning must always bear in mind that the nation as a whole is a composite of a number of different regions.

There is no need here to discuss all that has been said about regionalism in the last few years. We are well aware by now that there are different regional boundaries for different purposes, depending upon whether one is especially concerned with physical contours, climate, drainage basins, soil characteristics, mineral resources, vegetation, prevailing agricultural systems, manufacturing areas, metropolitan areas, land use, or socio-economic homogeneity

Regardless of this there is scarcely any type of national planning program today which would not call for some regional differentiation. A national education plan, for example, would be concerned first with lifting the educational system in the southern states to levels more nearly approximating those of the country as a whole, with the realization of other objectives a more distant goal. A health and dietary program would also find the needs greater in the South than in certain other regions Indeed, it is difficult to imagine any national plan which would not be confronted at once with

the peculiar condition of the states in the southeastern part of the country.

Thus, a program in land use adjustments designed to bring about the output of those foodstuffs essential to an adequate diet would find special conditions to be met in the South. The cotton-dominated economy would have to be shifted to a more diversified farming, particularly by increasing dairying, poultry, and livestock husbandry. There would be a need for large increases in land devoted to hay and pasture. In only one other part of the country—the Great Plains and Pacific wheat areas—would any major shift in agricultural production be required. Here there would be a need for more cattle, sheep, and feed crop production, and a decline in wheat cultivation.

Geographical aspects necessarily entered into military planning during the war, although this time it was the world and not any particular region of the United States which affected the plans. A procurement program for clothing, for example, depended upon a projected division of the total strength of the Army by three basic climates—tropical, temperate, and arctic. In other words, the Quartermaster General had to know how many of the eight million men in the Army were likely to be in areas of these climates, in order to fix his procurement objectives accordingly. Procurement planning in the War Department was criticized in 1943 by an internal review board for failing to devote sufficient attention to the projected deployment of forces overseas. Thereafter, knowledge of the total strength of the Army and its proposed organization alone was not sufficient in determining procurement goals.

Rather, the geographical division of the Army by major theaters of operation was added to the planning process in order to insure that procurement programs truly reflected supply needs. The same kind of geographical factor went into planning troop needs. When well-equipped ports were available for unloading ships, as in England, port battalions were needed only to supplement local labor. In the Pacific, where ports had to be constructed out of jungles, the American Army was dependent entirely upon its own personnel for loading and unloading vessels. Army officers have long appreciated that geographical factors are a constant concern in planning military operations.

Certainly the National Resources Planning Board did a great deal to emphasize the conception of regional planning. If the board never brought any specific regional plans to completion, at least it made government agencies more conscious of regional aspects of planning.<sup>7</sup> With the experience now accumulated in the federal government, administrative agencies fully appreciate the need for translating national objectives and programs into terms of sub-objectives and sub-programs for the various parts of the country.

#### RESEARCH

The collection of various types of data is indispensable to planning. The determination of objectives, knowledge about an existing situation, and even the preparation of a specific course of action with its time and geographical elements

<sup>7</sup> For an example of the geographical approach to evaluating public works proposals, see *Area Analysis—a Method of Public Works Planning*, technical paper no 6 of the National Resources Planning Board, prepared by a special subcommittee of the Land Committee (1942).

depends upon extensive information about the subject matter being planned. Research is accordingly a vital tool.

But research is not synonymous with planning; it does not necessarily offer a course of administrative action. The research primarily useful to planning is that which helps in evaluating policies, in determining objectives, and in designing a program of action. Otherwise the results of research effort may advance the frontiers of our knowledge but will offer no immediate assistance to the task of framing government programs.

The numerous reports published by the National Resources Planning Board from 1933 to 1943 were essentially research documents. They contained a vast amount of extremely valuable information. As already noted, sometimes these reports were accompanied by policy recommendations, but none set forth a detailed program of administrative action.

Such reports as *Regional Factors in National Planning* (1935); *Our Cities: Their Role in the National Economy* (1937); *The Structure of the American Economy* (1939); *Consumer Expenditures in the United States* (1939); *Family Expenditures in the United States* (1939); and *Industrial Location and National Resources* (1943) presented the results of purely research activity. The volume on *Our Cities* presented many facts about urban America, such as the growth of cities; the land-use pattern of cities; urban-rural differences as indicated by age, race, health, housing, and education; and the forces producing a high degree of urbanization in the United States. The volume on *The Problems of a Changing Population* (1938) presented data on population trends, together with estimates of future population for the United

States through 1980. All these studies were reminiscent of the type of inquiry pursued by the President's Research Committee on Social Trends appointed by President Hoover in 1929. Indeed, Wesley C. Mitchell and Charles E. Merriam, original members of the first central planning agency in 1934, had served on the Hoover Committee.

Some of the research undertaken by the NRPB was intended to provide a critical review of existing government programs. These included *The Economic Effects of the Federal Public Works Expenditures, 1933-1938* (1940); *Security, Work, and Relief Policies* (1942); and *Transportation and National Policy* (1942). The first of these reports, for example, presented data on the volume and types of public works expenditures which had been financed with federal funds in a five and a half year period. Other data gave estimates of the on- and off-site employment provided, and showed the time which elapsed between the allotment of funds for public works projects and the awarding of construction contracts. But the report did not present data on one basic issue. Did a spending program concentrating upon heavy construction, with a large part of the direct cost going for materials, provide eventually more employment in the national economy than a spending program whose major cost went into direct wages for on-the-site workers? In other words, did the PWA or the WPA type of project contribute the more to realizing the general economic goals of the government?

The report *Security, Work, and Relief Policies* reviewed government efforts in the decade from 1930 to 1940 in developing a social security system, old age assistance, aid to the blind, various community services, health programs, assist-

ance to the unemployed, assistance for dependent children, assistance to farm tenants and marginal farmers, and aid to youth. The study was most useful in presenting a historical account of policy and administrative events, and in revealing the wide variety of programs which had grown up during this period. Here was the basis for critical review and proposals for specific change in a vast and vital field of government activity. But as a result of this research the board prepared no detailed plans of action.

The regional studies of the National Resources Planning Board, such as *The Pacific Northwest*, *New England*, *Red River of the North*, *The Arkansas Valley*, and *The Pecos River Joint Investigation*, presented the results of engineering surveys and of economic and social research into the resources and problems of an area. Sometimes the reports outlined in a broad way the desirable course for future improvement of the region, but again they did not bring forth any specific program of action to be undertaken by various operating agencies.

On occasion the Resources Board found that when it tried to push the preparation of specific plans by various government agencies, or when it tried to evaluate plans, it was hampered by a lack of basic data. When drainage basin committees were created under the sponsorship of the board, the committees soon complained that various deficiencies in knowledge about drainage basins hampered planning efforts. As a result, a special advisory committee on hydrologic data was created, and two different reports, *Deficiencies in Basic Hydrologic Data* and *Deficiencies in Hydrologic Research*, were published. In a sense these reports provided a research

program for the federal agencies concerned with the utilization of water resources. They outlined the types of data which were essential to water resources planning, and in so doing certainly advanced the cause of water planning.

The NRPB was primarily interested in research which pointed to emerging public problems, which suggested the need for public action in meeting serious social and economic conditions, and which implied desirable public policy. It was not particularly concerned with research as a tool in preparing or reviewing specific government plans. Certainly, the reports of the board well illustrated the types of research essential to planning. But when board members suggested, as they sometimes did, that this research program was the same thing as planning, they did a disservice to the whole process of policy formulation and operational planning in the government. For the board used research data as the basis for only very indefinite recommendations, and did not thereby affect current decisions by the President.

It is easy to understand why a planning agency is likely to make research its special province. Planning personnel usually have a profound respect for the accumulation of basic data. Constantly aware of the need for more and more information in their own work, such individuals are apt to embark upon efforts to fill some of the gaps in our knowledge. A central planning agency frequently finds that the operating agencies confine their research to specific lines of inquiry of immediate practical benefit to their own activities. Often they ignore the broader economic and social aspects of their own work and of the environment in which they operate. Here are more gaps to fill. In the second place, an officially designated

planning agency which finds its relations to the responsible administrator somewhat uncertain may tend to justify its own existence and try to demonstrate its usefulness by prosecuting valuable research studies. Moreover, research reports ordinarily step on no particular administrative toes, hamper no administrative ambitions, and insult no vested interests. But all this work is not the same thing as planning.

It is important to realize also that all government research is not necessarily concerned with planning government programs. Various government agencies have long conducted research projects for the benefit of individuals. The research efforts of the Department of Agriculture in such fields as plant genetics or insect control are examples. The results of research carried on by the National Advisory Committee for Aeronautics are made available to the entire aviation industry. The War and Navy departments have research programs to improve existing implements of warfare and to devise new ones. But much government research, directly or indirectly, is of value to planners.

It is unnecessary here to discuss research techniques. Opinion testing, however, seems to offer unique opportunities for administrative usefulness. It has already been extensively used in the Department of Agriculture.<sup>8</sup> The War Department also used it during the war. The results were primarily helpful in planning the orientation and information programs. On one occasion an expanded physical education program for ground troops was begun as a result of replies to a questionnaire giving soldiers' attitudes about their training. Modifications were also

<sup>8</sup> See David B. Truman, "Public Opinion Research as a Tool of Public Administration," 5 *Public Administration Review* (winter, 1945), p. 62.

introduced in the soldiers' personal clothing and equipment as a result of attitude testing

The most outstanding use of opinion testing as the basis for War Department planning was a survey of soldier attitudes on a desirable discharge system. The results of this testing showed that soldiers favored discharge on the basis of total length of service, service overseas, and number of dependents. As a result, the point system for determining the officers and enlisted men eligible for discharge from the Army was so devised. The fact that this system was based upon opinions of soldiers themselves was vital in defending the whole arrangement before Congressional committees and the public at large.

The planning process depends upon a determination at some point to make use of the existing body of knowledge as a basis for action. During the war the War Department had a slogan which might be taken as a motto for all planners "Any intelligent, quick action is preferable to delay in search of the ideal." The planner in government agencies cannot wait to perform his job until man has brought the entire universe into the realm of his body of knowledge.

#### A PLAN FOR PLANNING

The planning process, like all other administrative operations, calls for careful direction. In a large government agency a sizable number of people and extensive specialization may be involved in planning. For an agency as a whole or for the government as a whole, it may be necessary to know what kinds of plans are being prepared where. All this necessitates some careful, central management of planning.

This should be too obvious to deserve comment. Yet one

of the peculiarities of the planning function seems to be a disposition to regard the preparation of a planning outline as somehow the same thing as the preparation of a plan. As a matter of efficient management, a planning unit must decide what plans it ought to prepare and then divide up the work in order to get the plans completed. Such a "plan for planning" is only good internal administration. It is not an actual plan for the guidance of an agency as a whole in the performance of its work. In other words, an outline showing plans to be prepared ought not to be confused with completed plans for administrative action.

In one description of the work of the National Resources Planning Board, Charles E. Merriam noted several different fields in which he implied that the board had prepared plans. He listed.

Plans for the development of an expanding economy through the cooperation of government and private enterprise, plans for private enterprise, plans for finance and fiscal policies; plans for improvement of fiscal facilities, including urban redevelopment; transportation, energy, land, and water projects; and finally, essential safeguards of democracy.<sup>9</sup>

Actually, Mr Merriam was citing the postwar planning agenda of the National Resources Planning Board which had first been outlined in the statement *After Defense—What?* published in August, 1944, and presented in somewhat more elaborate form in *Postwar Agenda* published in November, 1942. This agenda contained nine different headings—plans for demobilization, plans with private enterprise; general plans for public activity; plans for social security; population and

<sup>9</sup> "The National Resources Planning Board, a Chapter in American Planning Experience," 38 *The American Political Science Review* (December, 1944), p. 1080.

manpower; plans for financing and fiscal policy; plans for regional, state, and local participation; plans for effective administration; and plans for international collaboration. This postwar agenda was simply an outline of the major fields of government activity for which various plans would have to be prepared in the postwar era. It represented an effort to indicate the full scope of desirable government planning activity.

But the mere fact that such an outline had been prepared did not mean that the plans it called for had actually been begun or completed. The device of a planning agenda was only an internal tool for the management of the Resources Board itself. The preparation by a planning agency to do its job is not by any means the same thing as the performance or completion of that job.

In planning demobilization the War Department also had to differentiate an outline from actual plans. The central planning unit necessarily had to list all the many different problems which the War Department would face after V-E Day and again after V-J Day. The responsibility actually for preparing specific proposals of action was parceled out among many different agencies. The central planning unit then kept track of these assignments and kept a record of progress in the submission of proposals for action. There was an inclination on the part of some officers to call this record of assignments and progress a postwar plan. It was, of course, no such thing. It was simply an administrative record of activity. The postwar plan did not exist until all of the many different proposals for action had been brought together and then approved by the responsible officials of the department.

A planning agenda is not a plan. A survey of planning problems is not a plan. Both may be important in the planning process, but neither should be confused with a concrete program of administrative action. The process of planning is completed only when a specific course of action has been laid out.

#### A GOVERNMENT PLAN AN EXAMPLE

Perhaps the most satisfactory method of studying government planning would be to examine many different plans prepared by government from time to time. For example, the story of the reasons why the federal government decided upon the work relief program of 1935, and of the issues involved, well illustrates the planning problems of any large government activity—especially for a new or modified activity.<sup>10</sup> The proposals presented to the House Ways and Means Committee on February 25, 1946, by Chairman Altmeyer of the Social Security Board of that time made up a plan for extending our social security system. The emergency housing scheme embodied in the so-called Patman Act approved on May 22, 1946, was a plan for meeting the shortage in veterans' housing in 1946 and 1947. These are just examples of many plans prepared and presented by government officials.

No plan put forward in recent years, however, better indicates the characteristics of a plan, or better demonstrates the planning process, than the housing proposals presented to a Senate subcommittee in January, 1945, by the administrator of the National Housing Agency. John B. Blandford divided his

<sup>10</sup> This story is told in some detail in A. W. Macmahon, J. D. Millett, and Gladys Ogden, *The Administration of Federal Work Relief* (Chicago, Public Administration Service, 1941), Ch. 1-3.

statement to the Subcommittee on Housing and Urban Redevelopment into six parts. Since the committee was primarily concerned with public policy rather than with the details of administrative action, it was natural for Mr. Blandford to concentrate on this aspect of his subject. More details were later embodied in the Wagner-Ellender-Taft Bill, Senate bill 1592 of the Seventy-ninth Congress.

Mr. Blandford began by summarizing basic data on the role of residential construction in the national economy and the place of housing in the municipal and family economy. Without specifically saying so, he implied that a public policy of government assistance in the construction of housing was necessary because of its basic importance to national, urban, and family well-being.

Next, he reviewed the data on the housing situation in 1940 obtained by the housing census of that year. These indicated, for example, that 22 per cent of the non-farm dwelling units in the United States were forty years old or more, and that almost 40 per cent of all existing non-farm dwelling units were in need of major repairs or lacked essential facilities such as running water, private baths, and flush toilets. Some 62 per cent of non-farm families, with a family income of under \$2,000 a year, paid a monthly rent of \$30 or less, and their housing was that most needing repairs or replacement.

The administrator entitled the third part of his presentation "the American housing need after the war." Admitting that it took boldness to present goals, he said that the National Housing Agency offered a desirable housing goal for the American people to reach by 1955 in order to promote "discussion and perspective." This housing goal was based upon

acceptable standards of health and decency, limited by capacity to pay. The housing goal was also estimated upon the basis of the housing volume required to contribute in full measure to investment opportunities, jobs, and prosperity after the war. In summary, this goal called for the production of 12,600,000 units of new housing for non-farm families to be constructed within the period of ten years from 1946 through 1955. For various reasons the program was divided into ten equal increments of 1,260,000 dwelling units a year. Mr. Blandford made it clear that this estimate was not intended solely to meet future growth and expansion, but gave full attention likewise to reducing existing urban blight and inadequate facilities. The total housing objective was further projected to show needs by family income groups and monthly rental figures. Mr. Blandford estimated that the construction of 1,260,000 dwelling units a year would provide 26 million jobs on and off the site. He added that a more intensive study of the subject of employment, with a broader definition of off-site work, placed the total employment figure in the neighborhood of 44 million workers.

In the fourth place, Mr. Blandford outlined the public and private tools and resources available for realizing his objective. He expressed confidence that the construction industry was capable of building 1,260,000 dwelling units a year. In terms of capital, he concluded that sufficient funds would be available in the postwar period for the permanent financing of "a very substantial volume of new private housing." He indicated that the housing tools of state and local government were imperfect and that they were largely negative in character.

Mr. Blandford then asked the question whether existing

tools and prospects provided any assurance of realizing the housing goal. At monthly rental values above \$50, the number of dwelling units started in 1940 would meet the annual needs for the 10 years 1946 through 1955. Below \$50 monthly rent, however, the actual number of dwelling units started in 1940 was substantially less than the goal. He denied that the gaps could be filled only by public housing, and he expressed his "sincere hope and expectation" that private enterprise would meet, more of the need in the future than in the past but he concluded that present resources and expectations did not measure up to the postwar housing problem.

In concluding his testimony, Mr. Blandford recommended six main lines of action as a federal housing program for the postwar period. These included National Housing Agency assistance to communities and private business in developing housing market statistics; government aid in technical research to reduce housing costs, improved fiscal tools to enable private enterprise to provide more of the housing need for lower income groups, government loans to localities in acquiring and clearing vast blighted areas for redevelopment; a federal government policy of providing decent housing as a matter of broad public interest, with subsidies for the operation of low-rent housing managed by local government; and finally, the continuance of the National Housing Agency as a unified administrative device for handling housing problems.<sup>11</sup>

In reality Mr. Blandford presented the Senate subcommittee with two different subjects for consideration. The first

<sup>11</sup> See U. S. Congress, Senate, Special Committee on Postwar Economic Policy and Planning, *Hearings before the Subcommittee on Housing and Urban Redevelopment*, 79th Cong., 1st sess., part 6 (January 9, 1945).

was a major policy choice. Was the federal government to take an active part in realizing more satisfactory housing facilities for the American people? On general economic as well as humanitarian grounds the administrator argued in effect that the federal government should play such an active role. In the second place, Mr. Blandford described the essentials of a housing plan to the committee. He suggested a desirable production goal and various techniques whereby the federal government could contribute to the realization of the proposed volume of new housing construction. More details on actual proposed operations were presented by the heads of the three constituent parts of the National Housing Agency: the Federal Home Loan Bank Administration, the Federal Housing Administration, and the Federal Public Housing Authority.

Mr. Blandford's plan could not be placed into operation without legislative approval. The National Housing Agency and its constituent parts by 1945 were in the process of completing various programs previously authorized by Congress. Congress had to decide if in the postwar period federal housing activity would continue, and then it had to determine on what scale and in what manner such a housing program was to be operated. Both the policy and the operating plan depended upon legislative action. Combining the policy and planning aspects of his subject enabled Mr. Blandford to show the committee how the policy would be carried out.

To be effective, the planning process in government must be as comprehensive and as specific as the proposals embodied in Mr. Blandford's housing recommendations of 1945.

### 3. WHO PLANS?

**A**N UNDERSTANDING of the planning process is scarcely more important than a corresponding understanding about who performs the function. The question "who plans" in the government administrative structure has two different aspects. For lack of better terms, we may label them the hierarchical and management phases of planning. Hierarchy simply refers to the structure of administrative organization, while management refers to the direction of administrative activity at any one particular level in the hierarchy

#### THE HIERARCHICAL ASPECT

The hierarchical problem in planning involves the location of responsibility for preparing plans at some particular level in the structure of administrative organization. Recent years have seen this problem presented largely as central planning versus planning by operating units. For our purposes in this discussion we may think of central planning primarily as Presidential planning, or planning at the Presidential level in our federal government, while planning at the operating level is the planning which goes on within executive departments and independent establishments. Actually the issue of central planning versus planning by operating units occurs likewise within each department. In our large departments especially the different bureaus are all convinced that they are the most satisfactory planning level and that little planning needs to be performed at the departmental level. Undoubtedly

within the larger bureaus there are operating divisions which have the same attitude

As far as the initial preparation of plans is concerned, federal administrative practice expects the operating units to perform the job. The concept of central planning will be examined in the next chapter. We may anticipate that discussion to this extent: central or Presidential planning does not imply central preparation of plans, or central performance of the planning process as outlined above.

Many reasons are usually offered as justification for planning by operating units. The obvious explanation is perhaps the one most frequently overlooked. Our great operating units in the federal administrative structure have no meaning unless they make an effort to plan the work of related activities. Since planning is an indispensable part of management, we cannot expect any department to realize its avowed purpose in the administrative structure of our government unless it does devote considerable attention to planning. In addition, of course, we expect ordinarily to find within our operating units the greatest technical competence and the greatest familiarity in the performance of government operations. Thus we expect the Department of Agriculture to be thoroughly conversant with agricultural problems in the United States. The Federal Security Agency is supposed to know our social welfare problems. The War Department is peculiarly fitted to prepare the plans for meeting our defense needs on the ground and in the air. The National Housing Agency is the natural unit for preparing housing plans. An operating agency is supposed to be keenly aware of needs and of various difficulties, and should be

peculiarly qualified to project practical solutions. Realism is a virtue in planning.

No one has ever seriously proposed that government planning in our federal government should be performed at the level of the President. In practice, central planning has never meant Presidential assumption of planning responsibilities. The point here is simply that planning necessarily proceeds in conjunction with operations. And at least within the federal government, the range of activities is now so great that it is inconceivable that some existing agency should not have an interest in almost any problem which the government might face in the next few years.

This realism which is such a virtue in planning and which helps to justify the assignment of planning responsibilities to operating units does have its defects. As we would expect, operating agencies are usually much concerned about preserving their accustomed methods of doing business, or about avoiding anticipated troubles. Over a long period of time any operating agency is likely to develop a point of view which impairs its ability to project a different course of action under changed circumstances. And oftentimes there are broader issues than administrative convenience which should determine the desirable course of action. But these difficulties are better counteracted by central review and criticism of plans than by an actual shift of the planning responsibility within the administrative hierarchy.

A very simple example of this difficulty was afforded by an incident within the War Department during World War II. The Army Service Forces was the operating agency of the department responsible for moving men and supplies across the

United States and across the various oceans to overseas areas of combat. The War Department General Staff asked this agency to prepare a complete and detailed plan for transporting our troops from Europe to the Pacific after the defeat of Germany when the preponderant military effort was to be shifted against Japan. The Army Service Forces proposed to move men and supplies directly from European ports to their Pacific destinations through either the Mediterranean Sea or the Panama Canal. The plan pointed out that this was the most direct method and would be the most economical in the use of ships. It would mean considerably less administrative burden in handling the men to be transferred. Moreover, it was uncertain whether American railroad facilities would be adequate to handle the load involved if soldiers and supplies were brought to the United States and then moved to the west coast for embarkation to Pacific areas.

As far as the movement of men was concerned, the Chief of Staff and the Secretary of War overruled the plan of the Army Service Forces upon the grounds that men who had served in Europe and would yet be required to continue combat operations in the Pacific were entitled to a brief stay in the United States first. The difficulties in port operations and the burden upon American railroads were admitted, but these were subordinated to the cause of bringing soldiers home for thirty days before they continued to the Pacific. It was accordingly arranged that some 60 per cent of the total forces to go to the Pacific would be brought back through the United States. In this instance, the plans of an operating agency, in large part based upon operating efficiency and convenience, were overruled in favor of a different course of action based upon a "value judg-

ment" about the importance of permitting soldiers to have a brief stay with their families before continuing their overseas duties.

That operating units in the federal government are also our major planning units would seem to be an elementary fact. Yet there is still considerable confusion on this score within our city governments, within our state governments, and even within the federal government. As chairman of the Tennessee Valley Authority, for example, David E. Lilienthal thought it necessary to express an eloquent justification for an agency which had at one and the same time operating and planning responsibilities. He even applied his argument to the internal organization of the TVA, and was proud of the fact that his organization chart at the level of the board itself showed no planning office. He failed to mention that before the time of writing his account, the Tennessee Valley Authority chart did show at the center such labels as "regional studies department," "regional planning council," and "chief power planning engineer."<sup>1</sup> But Mr. Lilienthal emphasized that the TVA saw "action and planning not as things separate and apart, but as one single and continuous process." He hastened to add that this was not an argument against planning, for the TVA had prepared many plans. His argument really was that "plans and action are part of one responsibility."<sup>2</sup>

In his zeal for the regional approach to land and water developmental activities of the federal government, Mr. Lilienthal actually was seeking some assurance that the TVA's plan-

<sup>1</sup> See C. Herman Pritchett, *The Tennessee Valley Authority* (Chapel Hill, University of North Carolina Press, 1943), pp. 170-74, 181-82.

<sup>2</sup> David E. Lilienthal, *TVA Democracy on the March* (New York, Harper & Bros., 1944), p. 199.

ning work would not be curtailed. One suspects that he was more concerned in protecting the TVA against river-development planning as exemplified by the Department of the Interior or the Corps of Engineers than against planning supervision by the President of the United States. We cannot stop to explore here the organizational conflict over river development on the TVA model versus the Corps of Engineers' or the Department of the Interior's functional basis. Today, however, no one is seriously challenging the point of view taken by Mr. Lilienthal. It has been suggested several times already that planning is an inherent part of administrative effort. This is simply another way of saying that planning and operations must be closely tied together. One evidence of this close relationship is the expectation that our operating units will be the planning units of government—planning the specific programs of action which they expect to carry out.

Nevertheless, one state planning director found it expedient to emphasize that planning could not be carried out in an atmosphere detached from current operations. As a corollary he made it clear that all operating agencies in the state played an essential part in the planning function.<sup>3</sup> In reviewing the criticism of state and local planning which he encountered throughout the United States, George B. Galloway reported that the work of central planning agencies was frequently regarded as unnecessary and was even actively opposed by strongly entrenched operating departments.<sup>4</sup>

Two different fears may produce opposition to central plan-

<sup>3</sup> Hugh R. Pomeroy, "Planning for Virginia's Future," *The University of Virginia News Letter*, June 15, 1941.

<sup>4</sup> George B. Galloway, ed., *Planning for America* (New York, Henry Holt and Co., 1941), p. 80.

ning by operating agencies. One is concern lest the central planning unit take away their planning responsibilities. Such a fear should be groundless, and a central planning unit should constantly insist that it desires to encourage planning by operating agencies. The second is a concern that central review of plans prepared by operating agencies will result in possible modifications. An agency may oppose change in its plans because it is convinced that its technical judgment is superior to anyone else's. It may disdain compromise or cooperation with other agencies. It may have clientele relationships which it is determined to protect against possible dilution from above. When this second fear motivates hostility from operating agencies, a central planning unit can only proceed with care and tact in proposing desirable changes.

Planning—the preparation of specific governmental programs and the raising of various policy issues—is a part of the work of any operating organization. It cannot be divorced from such operations. The question "who plans" is simply answered administrators plan. The degree of planning authority enjoyed by any administrator in the organizational hierarchy depends upon the whole system of delegation of responsibility in that organization. But at least as far as the Office of the President and the great operating departments of our federal government are concerned, the latter are the planning units.

Indeed, it has been our common administrative practice in the past to establish new operating agencies when there was some new government program to develop. A number of such incidents come readily to mind. There was some awareness of a general need at the time when the Resettlement Administration was established in 1935, but a desirable and acceptable

program of meeting farm tenure difficulties and mal-location of farms had to be devised only after the agency began to function. The early effort at promoting green belt communities was later abandoned, while other types of programs were expanded. By 1940 some kind of government activity in the field had come to be accepted. The National Youth Administration developed its program to assist students in remaining at school upon the basis of certain beginnings in this direction inside the Federal Emergency Relief Administration. The Rural Electrification Administration was a third example of an operating unit created to plan and carry out a program. Each of these agencies largely developed its plans for operation after it had been established and had begun to function.

The same is true for a large number of operating agencies established during World War II. With the cooperation of the Navy Department, the War Department for twenty years had carried on some planning work in anticipation of the need for industrial mobilization. When it was created in 1940 the Advisory Commission to the Council for National Defense found it had to begin its planning almost from scratch. For one thing, the conditions were considerably different from those envisaged by the industrial mobilization plans. Little of the preparatory work had been done in sufficient detail then to be of much value. Eventually the advisory commission gave way to a number of operating units, which continued the basic planning which had been started under the commission.

Certainly as far as our administrative history indicates, the accepted pattern in the federal government has been to create administrative agencies first and do the planning afterwards. This probably has been a desirable procedure. Plans prepared

in the vacuum of no immediate need are unlikely to prove very adequate when the occasion for action arises. This is not an argument against long-range planning; it is an argument for keeping planning alive through current operations

#### MANAGEMENT RESPONSIBILITY FOR PLANNING

There is a second organizational problem which the secretary of a department or a bureau chief faces in performing his planning responsibility. It is this: How far shall he separate the planning function from other staff activities? And then, what types of individuals does he need to assist him in carrying out his planning work? Certainly in the last twenty years our recognition of administrative need has brought with it more and more efforts to institutionalize the planning job at the departmental level and even at the bureau level. This departmental tendency has been commented upon elsewhere.<sup>5</sup>

The problem of handling the planning function within operating units need not be discussed at length. Some departments have established planning units with the sole responsibility of isolating planning from other management functions. Special attention is then given to reviewing policies and programs of action, and to extracting the major issues for central determination. Other departments have found it more satisfactory to set up individuals or units with a responsibility for supervising certain related activities. These individuals review policies and programs as well as actual operations. As far as personnel is concerned, some secretaries have preferred to rely upon individuals brought into government service from out-

<sup>5</sup> See A. W. MacMahon and J. D. Millett, *Federal Administrators* (New York, Columbia University Press, 1939), Chs. 1-4.

side. In these instances secretaries have placed a higher value upon loyalty and personal relations than upon an intimate subject-matter knowledge of departmental operations. Other departmental heads have used both the individual brought from outside and individuals whom they have found within the agency. There has been no definitive experience which would enable us to say that one or the other organizational device is the more satisfactory to departmental management, or to say that one or the other practice with respect to personnel is preferable.

There are recent developments in the Department of Agriculture and the War Department—the two departments which, with the possible exception of the Navy Department, have gone the farthest in institutionalizing planning at the departmental level—which deserve passing attention, since they illustrate some of the difficulties encountered in devising a satisfactory planning organization for the central management of a department.

In 1938 the Department of Agriculture tried a unique experiment. The Bureau of Agricultural Economics was divested of its "operating" functions for which it had been originally created—the collection and distribution of statistical data on agriculture—and was assigned the job of serving as a central planning agency for the department as a whole. Thus a bureau established by statute in 1922 was made a central staff agency with department-wide planning responsibilities. After Henry Wallace's departure from the Department of Agriculture in 1940, the bureau found its planning status somewhat difficult to maintain. The new management of the department made considerably less use of its services. Nonetheless, it continued

to play a planning role to the extent that department officials desired.

Then in 1946, when reporting the Agricultural Appropriation Act for 1947, the House Committee on Appropriations recommended a cut of \$485,000 in the appropriation for the Bureau of Agricultural Economics Mr. Tarver of Georgia explained to the House on March 7, 1946, that during the past several years the Bureau had "become a considerable source of concern" to the Appropriations Subcommittee and to members of Congress. He said his committee had "regretfully reached the conclusion" that the bureau was undertaking work which Congress had not intended. The specific cause of concern apparently was a proposal presumably put forth by the bureau for basic agricultural policy in the postwar period. This proposal called for agricultural prices to fall to the world level and for the government directly to subsidize the American farmer in order to maintain his income. The bureau was also accused of being partly responsible for the action of the Office of Price Administration in placing a ceiling price on the 1946 crop of raw cotton.

Dr. H. R. Tolley, Chief of the Bureau of Agricultural Economics, said in the hearings of the appropriations committee that the bureau had simply suggested that consideration be given a program of subsidizing farmers whose production when sold at world price levels failed to realize "parity" income. Since the committee did not like the idea, it decided to reduce the appropriation of the bureau, which it held responsible for recommending such a scheme. There was some uncertainty in the House discussion as to whether the Secretary of Agriculture himself had decided in favor of this method of meeting

the problem of world agricultural competition.<sup>6</sup> The answer of the House Appropriation Committee was to cut the bureau's appropriation and to confine its activities to those originally authorized by the statute creating it.

The episode revealed a complete unwillingness by certain Congressmen to consider a public policy issue strictly on its merits. Indeed, no formal proposal for a change in agriculture price policy was before Congress, and any such suggestion as Mr. Tarver attributed to the Bureau of Agricultural Economics could only have been put into effect through new legislation passed by Congress. Rather than to wait until an issue had been clearly presented, alternatives posed, and a choice demanded, the House committee expressed its dissatisfaction with the heresy of even thinking about a particular policy by cutting the bureau's appropriation. Eventually, the Senate restored the amount cut by the House, and the act as approved carried an amount for the bureau only slightly under the original request.

Yet the lesson is obvious. When any staff of a department becomes peculiarly associated with a particular proposal which does not find favor with dominant individuals in Congress, it can expect just such treatment. At the same time, Dr. Tolley's admission that the bureau had "suggested" consideration of a particular policy was damaging in these circumstances. A more defensible position might have been an admission that the bureau was greatly concerned about agricultural prices once overseas war demands had subsided, and that it was giving attention to the various alternative possibilities of meeting the

<sup>6</sup> See 92 *Congressional Record* (79th Cong., 2d sess.), March 7, 1946, pp 2048 and 2057 of the daily ed

Congressional mandate of maintaining farm prices at parity levels. The bureau chief should then have made it clear that the bureau did not make decisions on such matters. The bureau simply collected the best available information about the various alternatives and their possible results and presented these to the Secretary for his decision. This would have avoided putting the bureau itself in the position of advocating a particular course of action.

During the war a different kind of organizational problem arose in the War Department. As Secretary of War, Elihu Root had demanded the creation of a general staff to assist him in managing the department. The result was the act of February 14, 1903, establishing a Chief of Staff and a General Staff with primary responsibility for preparing plans for national defense. In addition, the General Staff was to investigate matters affecting the efficiency of the Army and to render official assistance to the Secretary of War.

The National Defense Act as amended on June 4, 1920, repealed the original provisions which had authorized the General Staff to act as the agent of the Secretary of War in co-ordinating the work done by the various operating units of the Department. World War I had witnessed extensive controversy about whether the General Staff had exceeded its legitimate sphere of activity. There were some who argued vehemently that the General Staff should be only a planning agency. Mr. Root, and certainly Secretary Baker and his Chief of Staff, General March, had used the General Staff as a management staff. Thus the work performed by the staff had been both planning and supervisory. Indeed, some of the work of the General Staff Director of Purchases, Storage, and Traffic

in World War I had been taken on at the expense of the procurement bureaus. This led to the accusation that the General Staff was assuming an operating role. The National Defense Act of 1920 accordingly tried to limit the responsibility of the General Staff to planning.

The authority of General Pershing as Chief of Staff after 1921, with his statutory title of General of the Armies, was unquestioned. The General Staff was then molded to fit his conception of its duties, regardless of Congressional intent. It was organized into five divisions assigned to plan and supervise all War Department activities—personnel, intelligence, organization and training, supply, and war planning. Thus the general staff was confirmed as more than simply a planning body. It was a supervisory and coordinating staff for the Chief of Staff, the top military figure in the Army, and for the Secretary of War, the civilian head of the department.

On the eve of Pearl Harbor General Marshall was convinced of a need to reorganize the general staff and the operating units of the War Department. He believed that the supervisory responsibilities of the staff were interfering with its planning responsibilities. As a result, the department was reorganized on March 9, 1942, establishing three large integrated operating units to which were delegated much of the administrative work previously performed by the general staff. The general staff itself was cut almost two-thirds in size. The two largest units of the staff continued to be those concerned with intelligence and strategic planning. It was on this work that General Marshall himself wished to concentrate his attention. But the supervisory role of the General Staff could not be entirely eliminated, since there were still common problems

affecting the major commands of the Army, and since there were disagreements among the commands which had to be settled. The general staff slowly expanded in size and in functions during the war.

At the end of the war the War Department faced the problem of organizing for its postwar activities. An official board recommended that the general staff be enlarged in scope, taking over most of the work that had previously been performed by one of the three major commands in the United States, the Army Service Forces. In order to make it clear that the General Staff was more than just a planning agency, the Board recommended that the units of the staff be headed by an officer with the title of director. Thus the former Assistant Chief of Staff for Supply would be replaced by a Director of Service, Supply, and Procurement; the Assistant Chief of Staff for Personnel would be replaced by a Director of Personnel and Administration; the Assistant Chief of Staff for Operations, the head of the strategic planning unit, was replaced by a Director of Plans and Operations. These recommendations were accepted by General Eisenhower with some subsequent modifications. Accordingly, the War Department General Staff was confirmed after World War II as a great management staff fulfilling the dual role of planning War Department programs and supervising their execution by major subordinate commands.<sup>7</sup>

The Bureau of Agricultural Economics and the War Department General Staff offer an instructive contrast in departmental organization for internal management. The bureau

<sup>7</sup> See John D. Millett, "The War Department in World War II," 40 *American Political Science Review* (October, 1946), p. 863

was originally expected to concentrate upon broad economic planning for agriculture. It had no authority to supervise operations within the department. As a planning agency, then, the bureau was vulnerable to attack by those who did not like its planning results; and these persons were only too willing to get rid of the bureau or to confine its work to that originally authorized by statute. The War Department General Staff during World War I, on the other hand, was more than a planning agency. Operating units accused it of exercising supervisory authority at their expense, and wanted the agency to be confined to planning duties. General Pershing ended the controversy. But General Marshall by 1942 felt that the general staff was too much involved in supervisory duties, with a consequent inability on his and the staff's part to give the requisite attention to planning. He met the problem by reducing the size of the general staff and consolidating the operating units into three commands. In 1946 the War Department went back to a large general staff combining planning and supervisory duties, with an increase also in the number of operating agencies.

No executive department has yet found an entirely satisfactory solution to the problem of organizing the planning function in relation to the other management functions. There will undoubtedly continue to be much experimentation in trying to devise acceptable arrangements. Certainly we may expect all of our great departments to move more and more in the direction of institutionalizing their planning arrangements. The past practice of having a special advisor on policy in the immediate entourage of the secretary of a department may continue, but neither he nor several of his kind can

fulfill the real need in making our departments satisfactory management units. Whether management should be so organized as to recognize planning as a separate function or should be organized in the fashion of the War Department General Staff—combining planning and supervisory responsibilities—is still another issue. There is much to be said for either arrangement. For several reasons, including that of Congressional reaction, the general staff model deserves special consideration.

#### PLANNING IN RELATION TO OTHER MANAGEMENT FUNCTIONS

Whatever the organizational arrangements, there is no doubt that planning must be closely related to all other phases of management. This very need is illustrated by the frequent reference we find in much of our management literature to such terms as "administrative planning," "program planning," "organizational planning," and "budget planning." In spite of their use of the word planning, all these terms refer to the process of carrying out an approved course of action rather than to the actual process of preparing that course of action. All have in common this one characteristic: they are phases of the management job.

It is inevitable in the process of framing any government plan to become involved sooner or later with the question, how is the plan to be administered? What new organizational units shall be established? What division of responsibility shall be fixed between federal, state, and local units of government? Shall existing agencies or new ones be relied upon to carry the brunt of work? And then follows a host of other issues concerning personnel, budgeting, field relationships, and all the other issues which we collectively label "administration."

None of these issues is unimportant. But all are secondary to the problem of determining what is to be accomplished. The rest are concerned with means of realization.

To call all the problems of execution a part of planning seems questionable. It would seem preferable to identify planning as one phase of management. The problems of execution are other phases of management. It remains then for the responsible administrative official in charge to determine how to accomplish the goals set for his operation. He may use whatever staff assistance he wishes in preparing to execute his general plans.

There are one or two aspects of the interrelationship between planning and other management responsibilities which do need emphasizing. It is not easy to separate the determination of objectives and the preparation of a course of action from consideration of the means of execution. Certainly the issue of means will continually arise in the process of projecting a program. Nor is it desirable to postpone the consideration of these problems until plans have been completed and approved. But it does not follow therefore that the planners must necessarily also determine the organizational and administrative devices for putting programs into effect. The chief administrator may prefer to have others perform the second task. Yet when this is the situation, both of these processes ideally should go on simultaneously.

For another thing, most students of public administration today recognize that budgeting is simply a process of translating operating programs into fiscal terms. The budget, indeed, is usually a short-range plan. It shows in dollar signs what is to be accomplished in the next fiscal year. More and more the emphasis in budgeting is upon the work to be done with

the financial resources made available. One fiscal officer in a large federal department commented that "the period of preparation of the annual budget is a time of concentrated decision-making with respect to governmental programs at all levels." He added that "unless planners can bring their influence to bear during this period, they are likely to be largely impotent."<sup>8</sup>

There is general agreement that planning officers and budget officers must work closely together. In ideal circumstances the planners should be able to tell the budget officers what is to be accomplished, and the budget officers should frame the fiscal needs accordingly. This was done throughout the war period in the federal government. The size of the Army, the plans for its deployment, and the procurement program of the Army were the three determining factors governing budgetary requests. No limitation upon the budget as such was ever introduced during the war period. The size of the Army had to be adjusted when planned strength threatened to outstrip manpower resources, the plans for deployment of troops had to be adjusted to fit available shipping and overseas base capacities; procurement plans had to be adjusted to fit the nation's productive resources and raw material supply. When the basic plans had been adjusted, budgetary alterations followed.

Unfortunately, our peacetime planning competence and accomplishment have not advanced to the point where we can determine programs in the light of general objectives and let budgetary considerations follow. In one sense the proposal for

<sup>8</sup> Robert A. Walker, "The Relation of Budgeting to Program Planning," 4 *Public Administration Review* (spring, 1944), p. 98.

a national budget embodied in the Senate Full Employment Bill of 1945 would have called for such planning and budget-making. Even under the terms of the Employment Act of 1946 it is still vital to relate national plans to our economic capacity as a whole and to let budgetary figures follow in the wake of these plans.

All of this is simply another way of stating that planning is a staff activity which must be performed always in cooperation with other staff work under an administrator. Planners must assist budget officers, organization planners, short-range or program planners, personnel officers, and others. But the essential nature of planning is not altered by this need. The first task remains that of determining the course of action which is to be undertaken. All preparations for execution must follow from this.

## 4. CENTRAL PLANNING

THE PLANNING process described above is essentially a procedure for the initial preparation of government programs. The end product is a course of action designed for execution by a government agency. But the preparation of plans by operating units does not complete the planning procedure of our government. There is yet another phase which, for lack of a better term, we may call "central planning."

Central planning means the supervision, review, and coordination of the operating plans which are prepared throughout the government. The object of such central direction may be no more than the prevention of inconsistent or contradictory government efforts. It should be emphasized that central planning does not necessarily imply any particular government policy. To many people, government planning, Presidential planning, or central planning—however it may be called—can mean only one thing: federal government direction of industrial production and distribution. Such central planning would be synonymous with the word "planning" as defined by Hayek or as outlined by Landauer. Regardless of the particular role of the federal government in our economic society, there would still be a need for the kind of central planning described here. Such planning is a vital need of management within the present scope of government activities and the present variety of government operating units.

City planners for a long time have been using the term "comprehensive planning." Actually this has meant simply

that an urban community should have the means for insuring that the different plans for public improvements, education, recreation, and property protection are mutually harmonious. Perhaps the term "comprehensive planning" is preferable to that of "central planning," but the latter is used here because of its administrative implications

Central planning in the federal government is synonymous with Presidential planning. Under our peculiar scheme of government in the United States there is no point in the administrative hierarchy short of the President where we can look for positive direction of all administrative effort. Obviously the President is more than an administrative official. But his party, political, and legislative responsibilities simply strengthen his administrative role. They insure that his must be a vital influence in government policy-making and operational planning. Accordingly, it is to the President that we must inevitably look for the performance of this central planning role.

The purpose of central planning in the federal government is comparable to the goal of comprehensive urban planning: a mutually consistent set of plans for many different government activities. The problem in central planning is not to produce plans; it is to bring all plans together at a central point where detailed proposals for action can be made to fit each other and at the same time to promote the realization of general national objectives. The job of central planning is to make sure that plans are prepared by operating agencies; that these plans are reviewed; and that the plans of any one agency do not come into conflict with the plans of another agency.

John M. Gaus has placed this awareness of the need for

central planning at the head of recent trends in public administration. He summarizes the situation in these words.

There has arisen, for example, a new awareness of the problem of coordinating many interrelated policies in such a way as to facilitate each as much as possible with the greatest economy of energy and cost. Hence, there has developed an interest in general management and direction, in the formulation of policy, in legislative organization particularly as related to administration, in short, in the better preparation, review, and application of policy. It is this series of problems of a very concrete and urgent sort that has pushed the word "planning" so much into the limelight. It is revealed in the interdependence of policies concerning credit, taxation, and investment, policies centering in the quality of population and its distribution by space and age, and policies centering in the use of our physical environment. We now learn, at tragic cost, that they intermesh similarly with policies relating to foreign policy, including national defense.<sup>1</sup>

Our present interest in central planning, like our interest in all phases of planning, has arisen in large part out of a public works context. The city planning movement of the last fifty years has stressed the location of physical facilities. The National Resources Planning Board itself began as a part of the Public Works Administration in 1933. Today the need for some central direction in the location of public plant is generally accepted in our urban communities. The expansion of federal government construction activity in the last twenty-five years has brought with it likewise a need for some central means for insuring harmonious adjustment between construc-

<sup>1</sup> John M. Gaus in William A. Anderson and John M. Gaus, *Research in Public Administration* (Chicago, Public Administration Service, 1945), p. 120.

tion programs. But central planning is not solely a problem in public works management.

The need for central planning may be illustrated first of all by the number of federal operating agencies concerned with the diverse interests of flood control, navigation, irrigation, and water power. In 1938 the National Resources Planning Board listed fifteen separate operating agencies of the federal government with a major concern in water use and water control. This figure was more than doubled if various bureaus within the Department of the Interior, the Department of Agriculture, and the Department of Commerce were added.<sup>2</sup> Moreover, a major proportion of direct federal public works expenditure has for some time gone into water control and development projects. For example, the estimated cost of post-war construction by federal construction agencies as listed by the NRPB on January 1, 1943, amounted to 7.7 billion dollars. Of this total, 5.6 billion dollars, or nearly three-fourths, was for river development projects.

The Corps of Engineers of the War Department has been the traditional federal agency for constructing river and harbor improvements designed for navigation and flood control purposes. The Bureau of Reclamation in the Department of the Interior is concerned with the use of water resources for irrigating otherwise arid lands. The Federal Power Commission is especially interested in the development of the electric power potentialities of water resources. Local governments have looked to American rivers for their water supply and for their sewage disposal systems. Thus water supply and sanita-

<sup>2</sup> See National Resources Committee, *Water Planning*, February, 1938

tion problems have became a major phase of water utilization; the Public Health Service in the Federal Security Agency has been a spokesman for these concerns

In recent years collateral interests in water development programs have appeared. The Department of Agriculture is especially concerned about the irrigation programs of the Department of the Interior, since there is no point in improving the water supply for wheat culture in the Great Plains when the Department of Agriculture is primarily worried about limiting wheat production and converting the plains to other agricultural uses. The experimentation with a regional device like the Tennessee Valley Authority as a means for integrating all interests in land and water development has attracted much attention and has led to numerous proposals for emulation in other river valleys.

Expanded public works projects during the 1930's greatly increased the national concern with water resources. A common appreciation grew that water development undertakings should serve multiple purposes. A river survey by the Corps of Engineers with primary attention to navigational possibilities but ignoring the power potentialities could only result in a one-sided program. An irrigation project which ignored flood control possibilities was likewise only a partial effort toward maximum utilization of water resources. Because of the many different federal agencies involved in the use of water resources, there was a peculiar need for some central staff agency under the President to insure comprehensive planning of water resources.

From its beginning in 1933 the National Resources Planning Board endeavored to promote a common approach to water

development projects. A Water Resources Committee was established with representatives from the various federal agencies interested in water projects and presided over by a chairman who was appointed by the NRPB. This body designated some forty-five drainage basin areas. It arranged for drainage basin committees to be set up in each area with representatives from local offices of federal agencies as well as representatives from state and local units of government. This step did much to promote the practice of seeing drainage basin problems as a whole, so that plans were prepared on an area, rather than on a strictly functional, basis. In some instances the NRPB sponsored special arrangements for studying a particular basin. Thus it encouraged a joint investigation of the Pecos River and in 1942 published without comment the reports of the various government agencies which participated—the U. S. Weather Bureau, the U. S. Geological Survey, the Department of Agriculture, the National Park Service, the U. S. Forest Service, the National Fish and Wild Life Service, and the Corps of Engineers. On another occasion the board made more elaborate arrangements to study the Arkansas Valley. It borrowed a director for the study from the Department of Agriculture and brought together many different national, state, and local agencies to review the possibilities of a unified development program for this particular river valley.

In 1939 the NRPB helped to obtain a three-party agreement signed between the Corps of Engineers, the Bureau of Reclamation, and the Bureau of Agricultural Economics, which provided for an interchange of information which any of these agencies might accumulate about a river project of interest to the others. The staff of the NRPB provided the mechanism for

exchanging this information. The Corps of Engineers might still stress the flood control or navigational aspects of river development, the Bureau of Reclamation might stress irrigation aspects, but some means was at least provided for exchanging points of view. To be sure, the Federal Power Commission still felt that all of these agencies were ignoring the full possibilities of hydroelectric power development. The staff of the Water Resources Committee asked that all projected river surveys be reported to it, so that these might be distributed to other interested parties. It also asked that all recommendations for river development be submitted to it for similar distribution. It sought then to perform a clearinghouse function.

The Resources Board made several efforts to obtain agreement upon fundamental policies in river development. A general statement was published in 1938. A revised and somewhat more elaborate statement was agreed upon by the Water Resources Committee in 1940. The board played a major role in stressing two basin-planning policies: that all plans should involve full use of water resources as a whole, and that they should provide multiple functions in the same structure and design. In addition, the board promoted the idea that drainage basin plans should be framed in terms of long-range economic and social objectives entailing the largest possible human benefits. The policy statements of 1938 and 1940 contained such provisions. Interestingly enough, the 1940 statement also emphasized the need for some federal coordinating agency to review actual development plans. It seems fair to say that the board was not as aggressive as it might have been, even in the face of all the difficulties involved, in achieving mutually consistent plans for specific river development.

After the board's demise in 1943, only the Bureau of the Budget was left in the Office of the President as a means for insuring mutually harmonious plans for river development. Unfortunately, the bureau was not able to maintain sufficiently close relations with river planning work to prevent the Corps of Engineers and the Bureau of Reclamation from presenting a plan for Missouri River development in the fall of 1945 which was not satisfactory to the Department of Agriculture. The plan had to be withdrawn so that the Department of Agriculture might review the irrigation effects upon agricultural production. The plan was then modified before its eventual approval in the First Deficiency Appropriation Act of December 28, 1945.

The need for central planning in the field of water control and utilization is a continuing one; at the same time it is only one example of the planning activities in the federal government which require some degree of central direction.

During World War II a great deal was heard about the need for some central supervision of the various agencies responsible for directing the use of the nation's productive resources for war purposes. Originally the War Production Board had apparently been intended to serve as a central directing and coordinating office. In practice it became something different. It devoted its energies primarily to control of the nation's raw material supplies. At the same time its original jurisdiction was periodically curtailed by the creation of new agencies outside its authority. Thus food production and distribution were turned over to a separate War Food Administration; manpower problems were assigned to the War Manpower Commission, petroleum production and distribution were handled

by the Petroleum Administration for War; although nominally a part of the WPB, the Office of Rubber Direction was in many ways a separate agency; wage stabilization and labor relations came under the direction of the National War Labor Board; price control was administered by the Office of Price Administration; while the War and Navy departments continued to be the two most important procurement agencies whose purchasing programs made the work of all these other bodies necessary. The interrelation of these various agencies in price control and the prevention of inflation was recognized as early as October 3, 1942, when the Office of Economic Stabilization was created.

In May, 1943, the President created an Office of War Mobilization as a new agency to tie all of the production efforts of the government together. The Senate Committee on Military Affairs had been giving some attention during the winter to a bill which would have established an Office of War Mobilization. This measure was unsatisfactory to the War and Navy departments, since its terms were broad enough to have taken away their direct procurement authority. Yet numerous critics continued to draw attention to the need for more effective coordination of programs among the various agencies directing the war effort on the "home front." The Office of War Mobilization was the President's answer. In October, 1943, the President directed the office to take over responsibility for planning war and postwar adjustment programs.

As early as the summer of 1943, with the end of the war still in the indefinite future, the War Department found itself terminating many procurement contracts because of changing supply requirements or because of the adoption of new types of

weapons. The policies to be followed in terminating these contracts became an immediate administrative concern. At the same time it was recognized that the real burden of termination work would, of course, come at the conclusion of the war. Moreover, the War Department was not the only agency which would have to terminate contracts. The Navy Department was also a large procurement agency, while several other offices had sizable purchasing responsibilities. The War Department sought the assistance of the Office of War Mobilization in developing termination policies and plans on a uniform basis for the government as a whole.

As a result, the OWM in November, 1943, created a Joint Contract Termination Board, with representatives from the War Department, the Navy Department, the Treasury Department, the Reconstruction Finance Corporation, the Foreign Economic Administration, the War Production Board, the Department of Justice, and the Smaller War Plants Corporation. The chairman of this board was John M. Hancock, an associate of Bernard M. Baruch in an advisory unit of the OWM.

On February 15, 1944, the Office of War Mobilization published Mr. Baruch's and Mr. Hancock's *Report on War and Postwar Adjustment Policies*. While the report mentioned such current problems as price control, and such eventual problems as industrial reconversion and reemployment, the bulk of the report dealt with contract termination policies and procedures. The explanation was simple. It was to this subject that Mr. Hancock had given primary attention during the winter of 1943. And it was on this subject that various operating agencies were eager to do the most work at the time. The OWM thus

provided a central means for bringing War Department planning to the attention of other interested agencies and "for achieving a uniform policy and program on the subject. It also led to agreement upon the provisions of new legislation which Congress passed as the Contract Settlement Act of July 1, 1944.

This was an example of planning outside the public works field. It illustrated central planning at its best. The role of the Office of War Mobilization was largely one of providing the necessary leadership in the adoption of a common program. Eventually, the entire contract termination job after V-E and V-J days was accomplished with great dispatch and with almost no criticism. Undoubtedly a main reason for this record was the fact that common policies and procedures had been developed well in advance for the use of all procurement agencies.

In both river development and contract termination, central planning was a means of bringing about some degree of harmony in government activities. They illustrate a continuing need which is as widespread as all the important work undertaken by the federal government. If anything, the need for such central review and coordination will become more and more important in the years ahead.

This concept of central planning implies that operating agencies will willingly submit to the central direction of the President and to a coordination of their programs with those of other agencies. Unfortunately, such an assumption has not been completely demonstrated by experience. Just as departments and independent establishments have had to contend with continuing hostility from bureaus and other constituent elements, so the Executive Office of the President has fre-

quently encountered recalcitrant departments or agencies.

There are many forms of administrative obstruction other than a direct refusal to cooperate. Few department heads or even the heads of other agencies wish to oppose the President directly on any particular matter. But operating officials often find it convenient to draw a distinction between the President personally and the Executive Office of the President as an institution of fairly recent creation. Since the coordinating role of the President on a continuing basis can only be exercised through some institutional device, certain administrative agencies in the Office of the President must work and speak in his name. Yet a President will invariably find many attempts to divide him from his own immediate staff.

Departments often have their own constituencies and are able indirectly through their friends to promote policies or legislation which the President has already disapproved. Many an agency finds it convenient to ignore instructions from the President or to forget about carrying them out. Nominally the President might always alter this situation by a change of department head. Frequently, for political and other reasons, the President does not care to take such action.

It was long well known in Washington, for example, that Henry Morgenthau as Secretary of the Treasury was personally extremely loyal to the President but at the same time completely unwilling to submit to any control by the Executive Office of the President. On such a small matter as legislative clearance, the Secretary of the Treasury steadfastly refused to submit proposed legislation, or proposed reports to Congressional committees, to the Bureau of the Budget. Mr Roosevelt never made any effort to correct this situation. Indeed, in

signing one particular paper for the National Resources Planning Board which involved the Secretary of the Treasury, Mr. Roosevelt remarked that he was sure the intended purpose would never be accomplished. And Mr. Morgenthau had no political following which would have made his removal embarrassing. Two other departments refused to abide by the President's own statement on the creation of regional development authorities which he drew up in 1941.

In giving statutory recognition to the Office of War Mobilization under the President, the War Mobilization and Reconversion Act of 1944 empowered it to "issue such orders and regulations to executive agencies as may be necessary to provide for the exercise of their powers in a manner consistent with the plans formulated under this section or to coordinate the activities of executive agencies with respect to the problems arising out of the transition from war to peace." The law went on to specify that each executive agency would carry out the orders and regulations issued by the director of War Mobilization and Reconversion "expeditiously," and would modify its operations and procedures to the extent required by such central directives. This provision of the act may have been motivated by peculiar considerations. It seems unlikely that there was any particular desire to strengthen the administrative control of the President. Rather, many members may have hoped to strengthen the position of the director of the Office of War Mobilization and Reconversion in the hope that he in turn would perhaps curtail the procurement programs of the War and Navy departments.

It seems obvious that any central planning or coordinating agency must depend primarily upon Presidential authority for

its own effective operation. The possession of such statutory authority as that conferred upon the Office of War Mobilization and Reconversion should theoretically be unnecessary. Under the law the director of War Mobilization and Reconversion could only issue his orders with the approval of the President. Yet specific legislative authority in an agency under the President is scarcely a disadvantage. In the long run, however, the effectiveness of central planning must depend upon Presidential support and determination. Indeed, there is an interesting question about the constitutionality of the statutory power conferred upon the director of War Mobilization and Reconversion. Had this authority not been "subject to the direction of the President," it would surely have been a direct invasion of power which the Constitution confers only upon the President.

#### THE EMPLOYMENT ACT OF 1946

The Employment Act of 1946 introduced a new element into central planning by the federal government.\* In the past the need for central planning was mainly explained in the terms just set forth—in terms of adjusting the programs of various federal agencies to prevent inconsistencies or duplication of effort. Now there is a new concern—a concern with the effect of government activities as a whole upon our economy. Present-day interest in government fiscal policy arises from the belief that the volume and character of government revenue and spending programs as a whole may have an important, if not decisive, influence upon production and employment.

In its declaration of policy, the Employment Act of 1946 states that it is a responsibility of the federal government "to

use all practicable means . . . to coordinate and utilize all its plans, functions, and resources" to achieve maximum employment and production. This means in essence that the volume and timing of federal government activities have taken on an entirely new importance. Only central planning can bring together all of federal activity and adjust it in the ways best calculated to influence our whole economy. Central planning thus has a new responsibility.

The Employment Act does not at all suggest that the federal government will enlarge the scope of its present activities or embark upon planning new programs. It simply says that all existing authorized programs must be reviewed for their effect upon the economy as a whole. The President is responsible for this review. Under the terms of the act, as amended by the Legislative Reorganization Act of August 2, 1946, the President at the beginning of each regular session of Congress, commencing in January, 1947, must transmit an economic report. This report is supposed to have four parts. The first part sets forth existing levels of employment, production, and purchasing power, together with the levels needed to realize maximum employment, production, and purchasing power in our society. The second part indicates current and foreseeable trends in the levels of employment, production, and purchasing power. The third part reviews the economic program of the federal government and the conditions affecting employment in the United States. The final part is supposed to contain a program from the President for carrying out the policy of the act; that is, a program for promoting maximum employment, production, and purchasing power. This program may include recommendations for new legislation.

It is this fourth part of the economic report which is of special planning importance. The President has always been responsible for recommending legislation to the Congress, either in his State of the Union message or in other periodic communications. But now Congress has specifically provided that he must recommend a general program which as a whole is expected to achieve the maximum possible employment and production.

The first economic report of President Truman, submitted to Congress on January 8, 1947, did not fulfill all of the specifications of the law, let alone its inherent possibilities. President Truman admitted this last when he noted that this was the first of a series of reports, and that "this new and splendid tool" would increase in effectiveness year by year as "we learn by doing." The first report actually contained three distinct parts, although they were not labeled as such. The first was a general review of national economic developments in 1946. The second part suggested some very broad "goals" for the calendar year 1947: employment at about the 1946 levels, production some 5 per cent above 1946 as measured in dollar volume, and a high level of purchasing power which was not given any quantitative definition. In addition, this part of the report contained a brief discussion of the favorable and unfavorable economic factors which would determine 1947 performance.

The third part contained the President's recommendations, divided between short-range and long-range programs. The short-range proposals included brief recommendations to Congress for government action on wages and prices, social security, housing, taxation, and labor. Thus, under the heading

of wages and prices the President urged extension of rent control beyond June 30, 1947, and an expanded coverage for the Fair Labor Standards Act with an increased minimum wage. For housing the President simply asked for passage of the Wagner-Ellender-Taft bill of the Seventy-ninth Congress. Under the heading of a labor program Mr. Truman merely referred to the recommendation set forth in his State of the Union message delivered two days earlier.

The long-range program was more indefinite. Under the heading of "efficient utilization of the labor force" the President spoke of the need for maintaining the efficiency of the employment service and for fair employment practices legislation. On the subject of maximum utilization of productive resources, Mr. Truman remarked: "I hope that suitable legislation for a uniform patent policy will be enacted by the Congress at this session." But he did not indicate what such a uniform policy ought to contain. In order to encourage free competitive enterprise he mentioned the need for rigorous enforcement of the anti-trust laws and further measures to promote small business. In referring to health, welfare, and security, the President urged Congress "to give early consideration to expanded programs of public health, nutrition, and education," without suggesting the specific direction which these expanded programs should take. Mr. Truman also spoke about cooperation in international economic relations, while acknowledging that there should be no "indiscriminate reduction of barriers to imports." Finally, for combatting economic fluctuations, the President simply stated: "I have directed the Council of Economic Advisers and other appropriate government agencies to make a continuing study of the stabilization

devices that may become necessary and to recommend their being placed in operation in ample time to insure the anticipated effect."

Altogether the first economic report was a document of thirty-two pages, with another twenty-two pages of appendixes including twelve statistical tables of general economic data. The report made no effort to review existing economic programs of the federal government as a whole, or to predict the economic consequences of a failure to adopt the short- and long-range recommendations. The suggested programs concerned general economic and social objectives rather than specific economic goals. Certainly there was no such thing as a complete, fully integrated program, but only a collection of miscellaneous proposals.

But this first economic report should not be criticized severely, nor should it be regarded as a necessary prototype of future reports. The Council of Economic Advisers was only organized late in 1946, and had had little time to devote to helping the President to prepare this report. The President moreover desired to be conciliatory in dealing with a new Congress now controlled by the Republicans. He avoided any implication of trying to tell the legislature what it should do, or of threatening with dire economic consequences any failure to act. Then too the report appeared at a time of general economic optimism, based in part upon a belief that government noninterference with the market place would now insure full utilization of productive resources. Under the circumstances the report tried necessarily not to precipitate any immediate economic controversy.

For the economic report must be regarded first of all as a

political document. Like the State of the Union message and the budget, it must be a statement of the President's beliefs about desirable government operations. Accordingly, its contents must be influenced not only by the personality of the occupant of the White House but also by the circumstances of the time when it is submitted.

There remains of course the question of whether three separate documents at the beginning of a session of the Congress—the State of the Union message, the economic report, and the budget message—are necessary and desirable. Are not the three so closely related as to be almost indistinguishable? On January 21, 1946, President Truman experimented with sending a combined State of the Union and budget message to Congress. Here he took occasion to enunciate the policies of his administration in some detail, and to urge enactment of twenty-one different measures which he had advocated in the preceding six months. He also recommended a number of other measures, such as the appropriation of additional funds for public works planning. But the general effect of the innovation was not too satisfactory. The *New York Times* commented editorially the next day, for instance, that the President had included so many recommendations, with so little indication of what was major and what was minor, "that the result is a failure to achieve a firm and compelling leadership of Congress." The editorial compared the message to a party platform and contrasted it unfavorably with the messages of President Roosevelt. For some time, it is true, Mr. Roosevelt had followed the general practice of making his annual messages to Congress broad statements of democratic purposes. He liked to set forth the fundamentals of American democracy.

and to challenge the tenets of totalitarian philosophy. As President, Mr. Roosevelt was conscious of his role as a world leader. His type of message had a definite political advantage, too. It emphasized the common agreements in American life and avoided controversy over specific ways and means. Undoubtedly Mr Roosevelt did not wish to present a detailed program of broad scope which might arouse varying opposition on different points.

Thus, Mr Truman's procedure in 1946 posed an essential political problem. Is the American scheme of government so arranged that it discourages the presentation of comprehensive national plans? Must the Executive deal only with platitudes when he speaks of government effort as a whole? When he is interested in specific action, must he always deal with the legislature as a political tactician, ever concerned to reveal no more of his intentions than is absolutely necessary at the moment, and constantly marshalling new forces to assault legislative procrastination or inaction? Certainly no President can ignore these questions.

In 1947, at any rate, the President chose to prepare and send three separate messages to Congress. This may well set the pattern for future years. If so, it seems reasonable to expect that the economic report will become more and more a detailed case for the basic policies set forth in the State of the Union message. The report's focus will probably center upon specific economic developments, and in time to come, to contain a comprehensive review of government programs affecting the nation's productive effort. For the need today is to know how government activities are influencing production and employment, and hence to be able to use this knowledge as the basis

for further desirable action to insure maximum employment, production, and purchasing power.

President Truman voiced appreciation of this new need in his message to Congress of January 21, 1946. In the course of his general review of government activity, he remarked:

With the growing responsibility of modern government to foster economic expansion and to promote conditions that assure full and steady employment opportunities, it has become necessary to formulate and determine the government program in the light of national economic conditions as a whole. In both the executive and legislative branches, we must make arrangements which will permit us to formulate the government program in that light

Such an approach has become imperative if the American political and economic system is to succeed under the conditions of economic instability and uncertainty which we have to face. The government needs to assure business, labor, and agriculture that government policies will take due account of the requirements of a full employment economy.

This new concern of central planning means that henceforth harmonious and mutually consistent policies and plans within the federal government are not enough. It means that all public policies and plans must be evaluated likewise in terms of their contribution to full employment. Indeed, it is generally agreed among economists today that full employment will most likely be achieved, not by any one government policy, but by a whole series of mutually supporting government policies covering such different subjects as taxation, the control of monopolies, wages, prices, competition, social security, public works, agricultural production, foreign trade, and money and credit.<sup>3</sup>

<sup>3</sup> See Gerhart Colm, "Technical Requirements," 49 *American Political Sci-*

Without question, some new techniques must be developed for the central evaluation of government policies and plans in terms of their effect upon the total volume of economic activity in our society. Here again, much research can unquestionably be carried on within individual operating agencies. It may well be that in some fields, such as the control of monopolies, the promotion of competition, the control of money and credit, and the promotion of foreign trade, plans cannot be formulated with the same precision that is possible in such other fields as agricultural production or the size of the armed forces. This may make central review more difficult.

In any event, this at least is clear: we must have now some central point in our federal administration where the influence of federal policies and plans as a whole can be evaluated. The techniques employed may necessarily have to be quite broad. The general objective at least is certain. It may be stated positively in terms of fifty-seven million jobs, or negatively in terms of, let us say, not more than four million unemployed. Other objectives such as the maintenance, or even promotion, of private enterprise are somewhat less specific. Yet the difficulty of such central review and evaluation is no excuse for giving up the effort. Rather, we must work more systematically than ever before to put all government policies and programs in as concrete a form as possible. We must sharpen our tools of economic analysis. We have already made a beginning in the type of national budgetary data which President Roosevelt first submitted to Congress in the budget message of 1945, which President Truman repeated in the budget message of 1946,

*ence Review* (December, 1945), p. 1126. This same position was taken by the Council of Economic Advisers in its first annual report of December, 1946.

and set forth again in his first economic report. This was just a beginning. Certainly our statistical forecasting in the first months after the war left much to be desired. But we are committed now to using our government operations positively to influence our economy. This is the new role which central planning in our federal government must assume.

If we are to realize full employment through the government's influence upon the economy, then Presidential management is needed to produce mutually consistent programs whose size and timing are definitely calculated to achieve the general economic objective of maximum production. We have never had such central planning in the past, although we probably came nearer to it in wartime than in any previous period in our history.

We have long realized that central management of government expenditures through the budget mechanism was indispensable in order to resolve conflicting pressures. There are still hundreds of enthusiasts for a particular line of action who rebel at our present budgetary practice. When expenditures for the promotion of aviation are curtailed, our aviation supporters are alarmed. When the outlay for the Navy is drastically cut, then all proponents of a strong navy are outraged. When an education budget is placed under the control of the mayor and council of a municipality, then our educators are convinced that the direst consequences must inevitably result. Each enthusiast sees his own particular concern in terms of the funds required to provide the kind of service he wants. And each as a general proposition is probably convinced that the government spends too much money and that taxes are too high.

There is no answer except through some central means of making choices among various activities.

Central planning must do the same thing. It must choose ends to be realized. It must take steps to achieve harmony among various policies and plans. It must make sure that all government activities will realize the central objective of all—maximum employment.

Such central planning will inevitably be closely related to central budgeting. We must have plans in policy, physical, and fiscal terms. They must be reviewed as such and their influence measured in these terms. Just as there are competing interests for increased government services and for lower government costs, so there are competing government policies and plans. The budgetary mechanism as we have known it in the past is not sufficient to insure uniform plans for river development or a common program on contract terminations. But central budgeting and central planning are now inextricably entwined, and the two will have to go forward together in close collaboration.

The challenge of central planning today is to devise the techniques which will enable the federal government to realize the desired effect upon the nation's economy.

## 5. SELLING THE PLANS

POLICY FORMULATION and the preparation of plans are not sufficient to insure the desired government action. There must be legislative approval as well, before the whole machinery of execution can begin its work. And under our system of government there is no assurance that the legislature will accept the plans of an administrative agency or of the chief executive. We cannot be certain that any comprehensive program will be adopted in the face of vigorous or extensive opposition. Nor can we be certain that legislative approval will be timely.

The problems of legislative action are very real, but are extraneous to our immediate discussion. Certainly government policy-making and operational planning must proceed with a constant concern for possible political reaction. Thus, our present agricultural policies and plans in this country seem to hinder rather than to promote certain needed fundamental shifts in agricultural production. Agricultural planning has necessarily been circumscribed by the known attitude of certain southern Senators and Representatives.

The planner in our government faces no more perplexing issue than that of obtaining the necessary approval for his plans. In part this is, of course, a management problem; but in even larger part it is the very essence of our political system

We have emphasized several times already that planning is essentially a part of the job of managing any great government effort. A plan for administrative purposes is not a plan until

it has been accepted by the responsible administrator directing a particular activity; until that time it is merely a proposal receiving administrative consideration. Yet in some of our departments and independent establishments administrative practice has in fact permitted a gulf to develop between the so-called planners and the responsible administrative official.

This kind of situation, for example, has been mentioned by a former Under Secretary of Agriculture, Paul H. Appleby. He draws a dividing line between planners and administrators, and admits that administrators are likely to regard planners as "theoretically impractical, and unfamiliar with their problems." He then points to the need for building an "organized bridge between planners and doers." He feels that there is a need for planning units in bureaus and planning units in departments to produce ideas for the administrator, but he sees them as something apart from the administrator.<sup>1</sup> There were undoubtedly times within the Department of Agriculture when a gulf did seem to appear between planners and administrators. The same thing occurred in the War Department, not only in planning strategic and tactical operations but in planning procurement, movements, and other phases of the war effort.

The problem the planner always faces is that of convincing the responsible administrative official that a particular policy and a course of action are desirable and feasible. His first hurdle always is his boss. Certainly we have known timorous administrators in public life. It is a great temptation for those around such a person to build up external pressures which may compel decision. On other occasions the advisers to an administrator

<sup>1</sup> Paul H. Appleby, *Big Democracy* (New York, Alfred A. Knopf, 1945), p 108

may suggest a policy or a program which the administrator is completely unwilling to accept. There may be a lack of sympathy between the two. Or the difference may be more fundamental and go to the very basis of social and economic philosophy.

Undoubtedly planning units have been most successful when the administrator himself was a dynamic leader. When he appreciated the importance of adequate preparation in order to do his job properly, when he was willing to review critically the underlying policies which determined the various programs of action, when he was willing to encourage imagination and to consider new possibilities, then his spirit permeated the entire management of an enterprise and gave real vigor to planning.

An administrator does not necessarily have to accept all of the recommendations made to him. He may come to the conclusion that a desirable policy or program is not the politically feasible one. But he surveys the various alternatives with his assistants and at all times gives them a feeling of participating in the collective process of directing a great enterprise. In a situation the exact reverse of this, the planner becomes a frustrated individual of little usefulness to his superior or to anyone else.

We can only say that the vigor of the planning process depends upon the vigor and mental outlook of the administrator. You cannot "sell" plans to someone who is fundamentally out of sympathy with a proposal. It is likely that the budget officer, the personnel officer, and all other staff assistants of the hesitant, uncertain administrator experience the same sense of futility that the planner knows. In other words, planning is no substitute for dynamic management.

The acceptable practice in government administration must nevertheless vest responsibility for decision in the elected or appointed official who is charged with directing any particular activity. It is easy to understand how an individual may feel that an obvious need is being sacrificed by inaction or compromise. The "public interest" may seem very clear to the planner, and he may find its "implementation" extremely faulty. When this happens, he may wish for means to substitute his own judgment for that of his superior or even that of the legislature.<sup>2</sup> A faith in or attachment for democratic processes must afford the answer. There is no alternative. The decision of the responsible administrator must be accepted. A change in party control, a change in public sentiment, the compulsion of circumstance, or finally, a new administrator may bring a more receptive attitude toward the proposals of the planner.

The job of the planner, when he is distinct from the administrator, is to prepare or review programs and to advise the chief. He then modifies his work to fit the decisions of the administrator. That is his role in the management process. This conception of function must apply equally to planning within operating units as well as to central planning at the level of the Presidency.

#### THE IMPACT OF OUTSIDE OPINION

But "selling" the responsible administrator is, of course, only a part of the job. In those circumstances where a particular policy or operating plan can be put into effect without further legislative action, the only immediate concern of the administrator is that of obtaining the necessary appropriations.

<sup>2</sup> See Rexford G. Tugwell, "Implementing the General Interest," *1 Public Administration Review* (autumn, 1940), p. 32, and his "The Fourth Power," Part II, *5 Planning and Civic Comment* (April-June, 1939).

Legislative supervision through the purse strings is a continuing control. Where new legislation is required, then the administrator faces the task of mobilizing all the resources at his disposal to obtain the action which he considers essential. In these circumstances "selling the plan" is a management, not a planning, responsibility. If the planner contributes to the process, all well and good. But the fundamental responsibility for carrying the desired course of action to the appropriate places and generating the desired reaction is one for the administrator. The planning official who permits himself thus to be identified apart from his administrator is merely asking for trouble.

In its later years the National Resources Planning Board sought more and more to advocate a particular point of view. There was no reason ever for believing that this point of view was something different from the attitude of the President. Yet the board conceived that it was its job to cultivate a receptive climate for policies and plans which might come from the government after the war. Charles E. Merriam has written of the board's "underlying philosophy," which he identified as the "idea of a dynamic expanding economy." According to Mr. Merriam the board "recognized that we stand on the threshold of an economy of abundance, attainable if the will and the skills are made available. If we can buy what we make, industry and labor can be stabilized and the standards of living raised notably. . . ." <sup>8</sup>

It was this point of view which the NRPB undertook to "sell" as a part of its postwar activity. In August, 1941, the

<sup>8</sup> "The National Resources Planning Board, a Chapter in American Planning Experience," 38 *American Political Science Review* (December, 1944), pp. 1079-80.

board issued a statement intended for popular consumption entitled *After Defense—What?* Here the words "full employment" were used to describe the goal. This pamphlet was followed by a series of nine others on such subjects as *The Future of Transportation, Better Cities; The Role of the House Building Industry; and After the War—Full Employment*. Each of these was an elaboration of the point of view put forth in the first pamphlet.

This pamphleteering program was purposefully intended to promote a general reaction which would favor a major role by government in achieving maximum employment. Incidentally, of course, it identified the board with a definite point of view. Personally, the present writer happens to agree with that point of view. But nonetheless we may question the propriety of the board's, or of any central planning agency's, issuing such statements.

The Resources Board was interested in more than just presenting the postwar world as a great opportunity for expanding the material prosperity of this country. It desired to restate the "underlying philosophy" of our democratic society. This was done notably in the introduction to the *National Resources Development Report for 1942*. Under the heading of "New Objectives" the board set forth a ringing new creed for Americans. It began: "We look forward to securing, through planning and cooperative action, a greater freedom for the American people." It then presented a "new declaration of personal rights,"—including the right to work; the right to fair play; the right to security, the right to adequate food, clothing, shelter, and medical care; the right to live in a system of free enterprise, and the right to rest, recreation, and adven-

ture. This statement was the kind of basic pronouncement of faith which characterized so many of President Roosevelt's public utterances. Indeed, in somewhat different form this new bill of rights appeared in President Roosevelt's annual message to Congress in 1944.

Under our scheme of government we look primarily to responsible political leaders to provide us with the philosophy and underlying faith motivating our social institutions. In addition, it is a part of the American tradition to afford any individual an opportunity of expressing his beliefs about the objectives of our society. Our political leaders and any private individual may enter the arena of public conflict at their choosing, and battle valiantly for their cause. But a planning agency is out of character when it picks up the trident or the small sword and enters the colosseum. To abandon the metaphor, we may state the point in this way. A planning agency is not a political official, a legislative body, a pressure group, or a private educational enterprise. When institutionalized, it is a part of the management organization which exists to assist an administrative officer. Selling a policy or a plan is not a part of its responsibility.

This belief about the appropriate role of a planning agency has been held by many persons. It has been recently stated, for example, by a former director of the Bureau of the Budget. Harold D. Smith has written that "a central staff [a planning agency] should not attempt to lead public discussion of national planning programs. It should not propagandize for any particular program."<sup>4</sup>

<sup>4</sup> Harold D. Smith, *The Management of Your Government* (New York, McGraw-Hill Book Co., 1945), p. 21.

A central planning agency in the federal government before World War II faced a difficult situation. It knew that half of all American families had an income under \$1,000 a year, a third of the nation was ill-housed, ill-fed, ill-clothed; soil resources were being depleted; the transportation system was obsolescent; many essential commodities had high prices, a large proportion of the population received inadequate educational services. And with all these unfilled needs, this nation at the same time had idle resources. Thus unemployment and unused resources went hand in hand with unfilled needs. And a major obstacle to any action for changing this situation was psychological, was an attitude of mind, widely prevailing throughout the United States and duly reflected in the Congress, an attitude of mind which feared government intervention in the economy and somehow continued to hope that there was some other method of matching need and resources. In this situation it was not surprising that a central planning agency should become the advocate, should exhort, urge, and mobilize opinion in favor of action. At the same time, of course, in doing this the central planning agency sacrificed immediate administrative usefulness to its superior and brought itself under legislative attack.

The National Resources Planning Board, or Mr. Merriam, might reply that it was more noble to have advanced the cause of democracy and full employment than to have served as an administrative tool. But when the planning need in our government is to devise the administrative means for achieving coherent programs, and programs designed to exercise maximum influence upon our economy, then an administrative tool is indispensable.

To be sure, the planner must concern himself with the climate of opinion in which he works. He should point out to his responsible superior the difficulties which may arise in adopting a particular program of action. He certainly cannot ignore popular reaction or prevailing political sentiments. But the planner's job is not to be governed by these conditions. Rather, his job is to bring information to the administrator and to assist the administrator in deciding what he wishes to do. The responsible administrator, the President, and Congress will be amply governed by the political considerations of the moment.

To be sure, public policies and operating plans have to be sold. Planning officials may participate in the effort organized by the administrator to sell a desired course of action. But this does not then appear as the work primarily of a planning unit. When the War Department decided upon the method for determining those eligible for discharge after V-E and V-J days, a concerted effort was launched to convince the soldiers themselves and then the public at large that the plan was sound and fair. All available media were employed—the motion picture, the radio, and the newspaper. The planning office which bore the final responsibility for preparing the plan and presenting it to the Chief of Staff took great interest in this whole selling effort. But the publicity program was a program of the entire War Department; the various agencies and media available to the department as a whole were employed. Thus the job of selling the demobilization program was a job of the War Department and not of the planners alone.

In 1938 the Department of Agriculture inaugurated an experiment in developing citizen participation in planning. In

each predominately agricultural county throughout the nation, state extension services were asked to sponsor agricultural land-use planning committees. State and regional committees were set up also to provide higher levels in a hierarchy of planning. The department at the outset proposed that these committees should frame the local plans for soil conservation, crop rotation, and crop limitation. Eight years of experience demonstrated that the county land-use planning committees did not plan at all. Those committees were most successful which had the most tactful and at the same time the most positive leadership from local agricultural officials. But as a device for educating farmers in land-use problems, as a means of promoting citizen participation and hence a feeling of personal interest, and as a public relations effort, the land-use planning committees proved more than valuable.

The use of the word "planning" in the title of these committees was perhaps unfortunate. They were really advisory committees for the major "action" programs of the department. They helped bridge the gap between officialdom and the individual farmer. They helped to sell programs as planned by the administrators. Probably too, they helped officials to appreciate more readily just what could be accomplished. They may even have helped make planning a process of building from the local area upward to a national plan, as Mr. Appleby has suggested.<sup>5</sup> These committees helped planning; they did not serve as a substitute for official planning.

When full allowance is made for the experience of the Office of War Mobilization in promoting a contract settlement plan, the War Department in carrying out its demobilization plan,

<sup>5</sup> Paul Appleby, *Big Democracy*, p. 108

and the Agriculture Department in building up farmer participation, there still is reason to say that planning is not synonymous with propagandizing, and that planning units by themselves should be cautious about trying to sell a point of view or a specific program to the public. The job of public relations is primarily a job of management as a whole, a job for the chief executive and department heads. Planners may participate. They should not endeavor to lead or dominate.

In effect we are saying this. Planning documents of all kinds should be prepared for internal administrative use, for the department head or the President. If these officials wish to publish certain data for discussion purposes, then they have the authority so to direct. They can decide what proposals should be released publicly, or how a plan shall be presented to Congress. These are matters no planning agency should decide for itself. But policy and planning discussions should be confidential until the responsible administrator has decided how he wants to act. An intolerable situation is quickly produced under any other practice.

#### LEGISLATIVE SUPPORT

As indicated already, the problem of legislative approval for administrative programs of action is beyond the scope of our present discussion. Certainly we should not belittle the importance of the legislature or the vital need for legislative decision. But consideration of the process by which legislation is passed, or discussion of desirable legislative reforms, would take us far afield. Certainly legislative delay, compromise, or inaction can disrupt the best laid administrative plans. No responsible administrative officer is likely to forget this fact.

Obtaining legislative approval for administrative plans involves party politics, pressure groups, the various manifestations of public opinion, and public leadership. In any particular program there will be individuals and groups in favor and usually individuals and groups opposed. This is all elementary in our democratic society. There is no reason to expect any fundamental change in the foreseeable future.

There is an important aspect to planning in relation to the legislature which does deserve some attention here, however. How far shall any agency go, and particularly a central planning agency, in cultivating legislative or even pressure group support for the basic concept of planning? As long as particular policies or programs are opposed, or as long as need for the central review and coordination of policies and plans is unacknowledged, an administrative agency may encounter difficulty in obtaining funds for planning purposes. Indeed, it is a familiar political technique for those who do not like an important public policy or program to seek some individual or group to attack. The unit or the individual then becomes the object of relentless persecution. In the end legislative funds may be denied.

No administrator can ever afford to ignore the problem of obtaining the necessary appropriations to carry on his management responsibilities. Planning units accordingly may have to be protected or even disguised. Certainly a planning unit at the center of the government may come under attack, as did the National Resources Planning Board, while the President himself appears to remain aloof from the controversy.

The National Resources Planning Board adopted the attitude that as a staff agency to the President it was not necessary

for it to develop close relationships with members of Congress. The board was supposed to be peculiarly a part of the President's immediate office. Executive-legislative comity was expected to provide appropriations for the board as long as the President indicated that he needed the agency in carrying out his own immediate responsibilities. This conception of its position did not save the board from legislative annihilation.

The board was not able to demonstrate to the House and Senate appropriation committees a record of immediate administrative usefulness, or to produce general legislative good will sufficient to obtain appropriations after 1943. There are undoubtedly many different explanations for this situation. But the experience certainly raises the question whether a planning agency can afford to remain in the background and take no positive steps to cultivate legislative approval.

It is interesting to contrast the experience of the Bureau of the Budget in this respect. Unfortunately, central budgeting is more widely appreciated among legislators than central planning. The Bureau of the Budget's implied claim that it saves money helps to gain its legislative favor. And on different occasions directors of the bureau have endeavored to assist individual legislators without at the same time embarking upon a large-scale effort to win legislative good will. The Resources Board, on the other hand, presented no evidence to show how its work was saving money or how it had prevented any large-scale waste. At the same time its point of view was disliked by many conservative legislators, while its friends were neither sufficiently numerous nor determined to support the board's continued existence.

None of the reports issued by the board was calculated to win

approval from legislators whose general attitude was one of hostility. If the board had at any time issued such a report as that of Mr. Baruch and Mr. Hancock, which the Office of War Mobilization published in 1944, its legislative reputation might have been somewhat different. If the board had endeavored to demonstrate that its elimination would result in certain administrative extravagances, its fate might have been different. If the members of the board or the executive officer had made a point of appearing to help individual legislators or legislative committees from time to time, its fate might have been different. If its field organization and field contacts had been devoted to demonstrating administrative usefulness, again, its fate might have been different. Indeed, the opposition of Senator McKellar is said to have arisen primarily from a board action in removing a regional office from Tennessee.

Even a planning agency at the center of the federal government probably cannot avoid the necessity of cultivating friendly legislative relations. It makes no difference that its primary responsibility is planning, or that it is a part of the Executive Office of the President. Under the system by which we operate in the United States, various administrative agencies must build their own legislative support. The President cannot carry all of the burden. A planning agency is apparently no exception to the rule.

Perhaps we can also look to outside individuals or groups to urge upon Congress the need for the kind of central planning presented here. The growth of such an organization as the National Planning Association may, indeed, be a happy augury. If this and other groups would make it a primary responsibility to support the need for central planning, rather than to support

any particular policy or program, then they would serve a doubly useful purpose.

It will be unusual indeed in the years ahead if the Council of Economic Advisers established by the Employment Act of 1946 should escape vigorous attack. There will be those who will want to isolate it from the President and to associate it rather than him with disliked policies or plans. The council will need outside support if it is to continue in existence.

Whatever the point of view of the President, and whatever the basic public policies, no President can today be without some central planning machinery to assist him in the exercise of his responsibilities. There is still a need to promote the cause of good management in the federal government. Selling planning *as planning* is a part of that job.

But a concern for demonstrating administrative usefulness, for legislative good will, is not the same as propagandizing for particular policies or plans. The two can be separated. A central planning agency would be wise to make the effort.

## 6. ORGANIZATION FOR CENTRAL PLANNING

THE CREATION of an appropriate organization for central planning presents three different problems. Unfortunately, many persons who have urged certain types of agencies have not defined exactly what they hoped to achieve. Current dissatisfaction with the process of government and vague hopes for something better cannot by themselves provide a satisfactory basis for any administrative device. Some clear conception of purpose is vital. In this respect a central planning agency is no different from any other organization.

### INTEREST-GROUP "PLANNING"

In the first place, the interest in "planning" has been taken by some as an excuse, or opportunity, for creating a new kind of representative institution in our government—an institution representing economic groups rather than geographical areas. In France, Germany, and the United Kingdom there was some experimentation between 1920 and 1940 with a national economic council or an economic advisory council. The most elaborate of these was the National Economic Council created by the Weimar Constitution of the Second Reich. In all three instances the experiments were of little importance. The conclusion of one German jurist that the National Economic Council "never had any real influence" might well be applied also to the French National Economic Council and the British Economic Advisory Council.<sup>1</sup>

<sup>1</sup> See Lindsay Rogers and W. R. Dittmar, "The Reichswirtschaftsrat. de

In 1931 the Senate Committee on Manufactures held extensive hearings on a bill which would have created an economic advisory council in the United States. During World War II a resolution introduced in the House of Representatives by Congressman Voorhis of California called for the creation of a national unemployment commission composed of representatives of various interest groups in the United States.<sup>2</sup> In the consideration of the Employment Act of 1946 attention was given to the possibility of establishing an administrative device based upon interest group representation. In the end none of these proposals was embodied in law.

Obviously proposals for a national economic council or a national unemployment commission have more than a planning connotation. The primary concern of government with economic problems in recent years has focused attention upon the need for some agreement about basic national policies. Behind these proposals for interest group representation lies an assumption that a change in the representative nature of our institutions would somehow promote agreement upon economic policy and programs, an agreement which proves difficult to obtain under present practices. The validity of such an assumption has never been clearly reasoned. Instead of urging the outright abolition of our existing legislative organization, these advocates usually suggest some new body, whether called a national economic council or a planning commission, in the vague expectation that it will somehow find agreement upon basic economic policies and so simplify the task of the legisla-

Mortuis," 50 *Political Science Quarterly* (December, 1945), p. 48. See also "Economic Councils," in National Planning Board, *Final Report—1933-34*, pp. 100-101.

<sup>2</sup> House Joint Resolution No. 76, 77th Congress

ture. Foreign experience certainly demonstrates that there is no reason for such expectation. With only advisory authority, an economic council or commission simply becomes another forum for the debate of economic issues. No administration is likely to use such a device for consideration of its own plans when the real test must come later in the duly constituted legislature. If a body representative of interest groups was to be effective, it might well appear as a rival to the legislature and thus create a dangerous situation. Why should we attempt a major reconstruction of our political institutions in the name of planning?

To be sure, various interest groups play a very vital role in the determination of public policy and administrative programs. That role is evidenced both within administrative agencies and legislatures. It is perhaps inevitable then that our Congressmen and even some administrators should worry about means for institutionalizing group representation in determining public policy. This concern was revealed, for example, in the War Mobilization and Reconversion Act of October 3, 1944. In establishing the Office of War Mobilization and Reconversion, Congress provided for an advisory board of twelve members to be appointed by the President by and with the advice and consent of the Senate. The act specifically said that the board should represent "the general public and the public interest" but went on to provide that three members of the board should have had experience in business management, three in "matters relating to labor," and three members should have had experience in agriculture. The remaining three members presumably were to represent the public at large.

This advisory committee on the whole attracted little pub-

lic notice. It worked closely with the director of War Mobilization and Reconversion, studying different questions referred to it by him and making recommendations on its own initiative. Some of the suggestions of the advisory committee were mentioned by the director in his quarterly reports. Yet the committee at no time tried to overshadow the director, it acquired no notoriety. It published no reports itself and was satisfied apparently to assert its influence directly upon the Office of War Mobilization and Reconversion. From all indications, this influence at times was considerable. Yet there was some feeling that certain directors did not make as much use of the advisory committee as they might. And to date there has been no indication that the committee found it any easier to devise a formula for a guaranteed annual wage, especially in the building trades, than any one else, this was an issue that, as President Roosevelt publicly announced in 1944, the committee would consider. Then in October, 1946, the advisory committee virtually disbanded because of its inability to agree upon a wage-price formula to guide government policy on price controls and labor disputes caused by the high cost of living. In any event, care and wisdom in the initial selection of members of the committee, and the committee's own conception of its role, largely accounted for such success as it had. As an advisory device the committee provided formal consultative arrangements at the center of the government. It could not find complete agreement on public policy.

As finally enacted, the Employment Act of 1946 did not specify any particular consultative machinery. The declaration of policy in Section 2 simply stated that it was the responsibility of the federal government "with the assistance and coopera-

tion of industry, agriculture, labor, and state and local governments" to coordinate its plans so that they would promote maximum employment and production. Section 4 authorized the Council of Economic Advisers created by the act to "constitute such advisory committees," and to "consult with such representatives of industry, agriculture, labor consumers, state and local governments, and other groups as it deems advisable." There is a strong presumption, therefore, that the Council of Economic Advisers must consult with various interest groups in carrying out its duties. But such consultation is purely advisory. Under our scheme of government it is difficult to see how any other arrangement could be contemplated.

#### PLANNING AS CONTROL

A second evident concern in various proposals for planning agencies has been the establishment of a control mechanism to prevent political jobbery by executive and legislature. This kind of planning agency is perhaps best illustrated by the provisions of the New York City Charter approved by the voters in 1936 and placed into effect on January 1, 1938. This charter created a City Planning Commission consisting of seven members. Six of these members are appointed by the mayor for overlapping terms of eight years; the seventh member is *ex officio* the chief engineer of the Board of Estimate. This tenure arrangement for the members of the commission was intended, in the words of the Charter Commission, "to remove them as far as possible from political control." Moreover, the commission's decision upon all capital improvements and upon zoning could be overruled by the Board of Estimate only by a two-thirds vote. The Charter Commission admitted that in the past

many capital improvement expenditures had been undertaken "because of local and special pressures and without relation to the interests of the city as a whole" The Charter Commission deprecated the waste and log-rolling which had developed It did not mention, although obviously it had in mind, the various possibilities of "honest graft" which had long existed in the location of public facilities. Presumably a planning agency would serve to hamper, if not to prevent, these long-established practices. To be sure, the scandals of the past did not reoccur after 1938, but surely the whole atmosphere of city administration must receive the credit for this happy situation Certainly the existence of the city planning commission did not eliminate pressures from private interests affected by zoning or other city plans; and the proposals of the commission were in practice modified and even overthrown by the Board of Estimate.

The New York City Planning Commission represented the quintessence of the city planning movement as it had developed in the United States since the turn of the century.<sup>3</sup> The approach had been largely a negative one—to prevent various malpractices in urban government The city planning agency was thus conceived as a "watch dog." The more positive role of central planning emerged only gradually from this setting Indeed, a careful study of city planning commissions came to the conclusion that most of the agencies had not developed cooperative relations with city departments and that they tended to be antagonistic toward the chief executive of a municipality.<sup>4</sup>

<sup>3</sup> See Robert A. Walker, *The Planning Function in Urban Government* (Chicago, University of Chicago Press, 1941).

<sup>4</sup> *Ibid.*, pp. 177, 333

This control concept of planning dies hard, no matter how many students may point out that the essential safeguard against political jobbery of any kind is "pitiless publicity" and general community morals which disapprove such practices. Many still prefer to believe that somehow it is possible to create administrative mechanisms which will prevent department officials, the chief executive, and legislators from indulging in temptations for personal or party advantage. A planning organization which is set up in response to this kind of search is destined to play a sorry role. We cannot reasonably expect it to satisfy the kind of central planning need outlined above.

#### CENTRAL PLANNING AS CENTRAL MANAGEMENT

The President's Committee on Administrative Management in 1937 presented a different point of view about planning organization. In its report it urged that "the managerial agencies of the government, particularly those dealing with the budget, efficiency research, personnel, and planning, should be greatly strengthened and developed as arms of the chief executive."<sup>5</sup> The committee amplified this statement by declaring that it was "essential" for the executive to have some machinery "for over-all planning management."<sup>6</sup> The report pointed to the many existing state, local, and regional planning bodies and concluded that there was a need for a "clearing-house" under the President in dealing with them. A planning agency should also collect and analyze data about national resources. Such an agency would work through various com-

<sup>5</sup> President's Committee on Administrative Management, *Report with Special Studies*, p. 4.

<sup>6</sup> *Ibid.*, p. 27.

mittees as did the National Resources Committee. The report suggested that there were many different federal agencies concerned with common problems such as land and water use and that there was a need for "unified study and planning" in such fields. That the planning agency was conceived entirely in the spirit of management assistance to the President was evident in the recommendation that the members of a proposed national resources board should serve at the President's pleasure.

The varying purposes which have motivated the creation of planning machinery at the center of government have been well summarized by Sir Henry Bunbury. He noted six different desires which might prompt the establishment of a planning agency.<sup>7</sup>

- 1 To substitute for democratic representation some organ more directly representative of the economic community.
- 2 To provide a "business" check on the executive government or upon the political parliament and congress
- 3 To provide a safety valve for business pressures and discontents.
- 4 To facilitate the integration of policies between business and other groups and executive government.
5. To provide government with expert and experienced advice at the top.
6. To act as a research organization in the field of government, surveying and interpreting general economic and social trends.

Here we are concerned mainly with the fifth purpose, with

<sup>7</sup> See Sir Henry Bunbury, *Governmental Planning Machinery* (Chicago, Public Administration Service, 1938)

the establishment of management machinery for the President's own use. In the past Presidents have used many different devices for assisting themselves in considering desirable public policy and plans. There have been "kitchen cabinets," "tennis cabinets," Presidential secretaries and aides, and "brain trusters." The two most interesting institutional devices which have been tried in recent years were the National Resources Planning Board and the Office of War Mobilization and Reconversion. Each deserves attention.

#### THE NATIONAL RESOURCES PLANNING BOARD

On June 30, 1934, President Roosevelt, in Executive Order No. 6777, established a National Resources Board. This board had its origins in a National Planning Board which had been set up in 1933 by the Federal Emergency Administrator of Public Works. Apparently this Board had found it a disadvantage to function within the Public Works Administration when the issues involved were largely inter-agency in scope. The new National Resources Board was accordingly an inter-agency device. The chairman was Secretary Ickes, the Public Works Administrator, and the other members included the Secretary of War, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, and the Administrator of Federal Emergency Relief (later Works Progress Administrator). In addition to these members *ex officio*, the board had three other members, Frederic A. Delano, Charles E. Merriam, and Wesley C. Mitchell. By Executive Order No. 7065, on June 7, 1935, the designation "National Resources Board" was changed to "National Resources Committee." At the same time the Committee found its statutory authoriza-

tion in the Emergency Relief Appropriation Act of that year rather than in the National Industrial Recovery Act of 1933.

In actual practice the work of the National Resources Board and the National Resources Committee was directed by an advisory committee. This advisory committee originally consisted of the three part-time or non-official members of the National Resources Committee—Mr. Delano, Mr. Merriam, and Mr. Mitchell. After 1935 Mr. Mitchell dropped out and was replaced by Beardsley Ruml and Henry S. Dennison. Neither Mr. Ruml or Mr. Dennison was designated a member of the National Resources Committee itself. The staff, the projects undertaken, and such recommendations as were put forward from time to time, represented primarily the decisions of the advisory committee which functioned in the name of the National Resources Committee as a whole. Secretary Ickes and the other public officials on the committee almost never met as a group, and seldom if ever reviewed any of the reports which were published from 1934 to 1939. The NRC as a body did not recommend specific policies or specific plans.

Reorganization Plan No. 1 of April 25, 1939, submitted to Congress in accordance with the Reorganization Act of April 3, 1939, established a National Resources Planning Board in the Executive Office of the President. This board was made up of the existing Advisory Committee of the National Resources Committee, of "citizens giving part-time services to the government." At the same time the functions of the Federal Employment Stabilization Office originally authorized by the Federal Employment Stabilization Act of 1931 were assigned to the NRPB. In his message accompanying the Reorganization Plan, the President again urged that a planning agency be

established on a statutory basis. The Emergency Relief Appropriation Act of June 30, 1939, simply provided that the National Resources Planning Board should be composed of three members "from widely separated sections of the United States," appointed by the President by and with the advice and consent of the Senate. This was the only statutory recognition given the Board. Its existence thereafter depended upon annual appropriations contained in the Independent Offices Appropriation Act. The NRPB from 1939 to 1943 was composed of Frederic A. Delano as chairman, Charles E. Merriam as vice-chairman, and George F. Yantis of Olympia, Washington as the third member. Mr. Dennison and Mr. Rumel continued to sit with the board as advisors.

More directly than any of its predecessors, the NRPB was supposed to be the planning arm of the Presidency. It was a part of the Executive Office of the President and it was supposed to advise the President about economic trends and about specific government plans. The functions of the board were enlarged somewhat by Executive Orders No. 8248<sup>8</sup> and 8455, both of which drew upon the statutory provisions of the Federal Employment Stabilization Act. The board then established a six-year program of federal public works, although under the terms of the Budget and Accounting Act of 1921 no separate capital budget could be submitted to Congress. The board also received and recorded all proposed federal projects involving the acquisition of land. Ostensibly the board, after 1939, was able to do anything that the President wished it to undertake. In practice the board's role was less important than it appeared on the surface.

Undoubtedly in large part the defects of board operations

reflected personality difficulties. The board also could never quite decide what role it wished to play in the Executive Office. And it is questionable whether a board, part time like the NRPB or full time, could have developed the necessary close-working relationships with the President which a central management agency in the federal government must enjoy. The board simply did not function effectively as a management device. It was infrequently consulted by the President on various problems coming to his attention. In a twelve-month period only one important piece of paper on a current problem came directly from the White House to the board for recommendation. Except for certain public works projects, there was no routine procedure requiring board review and approval before an agency submitted recommendations to the Bureau of the Budget or to Congress. The board exerted no outstanding, positive leadership in settling controversies in public works planning, let alone in any other field. The President never came to regard the board as an indispensable part of his own office, nor did the board ever demonstrate such usefulness to the President that he felt disposed to enlarge its responsibilities to him.

It is difficult to decide just how far the deficiencies in board operation resulted from the temperament of Mr. Roosevelt, from personality conflicts within the board, or simply from the administrative device of a board itself. Certainly the board saw the President only occasionally. Even these meetings apparently were more characterized by jovial reminiscences and broad-ranging and indecisive conversations, than by discussion and decision on immediate problems. The board insisted upon

seeing the President as a board. Each meeting was then a conference rather than a business session.

Mr. Merriam has indicated that an agenda was regularly presented to the President; failure on his part to voice specific disapproval of a project was construed as authority to proceed.<sup>8</sup> Yet this agenda was ordinarily a single page list of proposed research projects. It was not a detailed list of administrative recommendations. Nor did the board present the President with papers which would have given instructions on policy or plans to any individual government agencies. Sometimes the President added an item to the agenda because of some current concern of his own. But even so, he seemed to take only a slight interest in the subject thereafter. The transportation study of the NRPB was a case in point. Indeed, on some occasions when the board did have a point of view it wished to promote with the President, it endeavored to reach him through the director of the Bureau of the Budget rather than directly.

There is no indication that the President's assignment in November, 1940, directing the board to give particular attention to postwar problems, was anything more than a general suggestion. Undoubtedly the President realized that there would be numerous difficulties for the country to face once defense expenditures declined. But because of the many more pressing concerns which the President had to face in 1941 and then after Pearl Harbor, it is little wonder that the President found few opportunities to see the board or to explore its

<sup>8</sup> Charles E. Mernam, "The National Resources Planning Board, a Chapter in American Planning Experience," 38 *American Political Science Review*, (December, 1944), p. 1081.

work in any detail. From the reports of those individuals who attended these meetings there can be no other conclusion but that the President did not take the existence of the board too seriously and did not expect it to perform any vital administrative role on his behalf.

Probably more than anything else the President looked upon the board as an "intellectual spearhead" for his Administration, contributing to the discussion of public policies through its various reports. He undoubtedly had considerable respect for this role, and regarded it as useful, even necessary. But at the same time he did not conceive of the board as helping him to meet any immediate administrative need.

In its last two years the Resources Board became especially interested in federal fiscal policy. At least two of the members, together with the principal staff officers of the board, looked upon the extent and character of taxation and borrowing, together with the volume and objects of federal expenditure, as vital influences upon total economic activity in the United States. As it was, several different agencies in the government shared the responsibility for determining federal fiscal policy: notably the Bureau of the Budget, the Treasury Department, and the Board of Governors of the Federal Reserve System. The NRPB urged the President to set up an advisory committee on Fiscal and Monetary Control to consist of the Secretary of the Treasury, the chairman of the Board of Governors of the Federal Reserve System, the director of the Bureau of the Budget, and the chairman of the NRPB. The President did so, but there is good reason to believe that he never took the move seriously and did not expect the board to play an active role in reconciling fiscal policies or plans

Actually this committee was never more than an informal group which met occasionally and exchanged views emphasizing the general importance of various aspects of fiscal policy.

The difficulties of the National Resources Planning Board in part reflected the peculiarities of the individuals who made it up. Another board under other circumstances would unquestionably have had its own particular characteristics. Yet, while the actual circumstances of NRPB membership might never be repeated on another occasion, this experience illustrated the defects of a board with administrative responsibilities.

The chairman of the National Resources Planning Board was Frederic A. Delano, who continued during this same time to be chairman of the National Capital Park and Planning Commission. Mr. Delano was seventy-six years old when the NRPB was established as such in 1939. In the very best sense of the term, Mr. Delano was an "elder statesman," but he found the strain of two- and three-day board meetings a severe burden. He was often unable to follow all the details of a discussion, to terminate irrelevant talk, to achieve a consensus, or to bring discussion to a decision. In short, he did not provide positive leadership for board meetings or for the work of the board's staff.

In addition, the chairman's avuncular relationship to the President was a disadvantage rather than an advantage to the NRPB. Mr. Delano had had a long and distinguished career in the railroad business, in the Army in France during World War I, and in the city planning movement. He had originally been appointed to the National Park and Planning Commission by President Coolidge. It was natural and entirely understandable that Mr. Delano should feel that he could stand on his own

reputation and did not need to rely simply upon reflected glory. He was sensitive about intervening in matters coming to the President without a request from his nephew to do so. He was wary about offering unsolicited advice. In consequence, he did little to cement close administrative relations with the President. On the other hand, the executive departments and other agencies were always somewhat uncertain about just how close Mr. Delano was to his nephew. And in any event, they were inclined to treat him with the greatest respect.

The vice-chairman of the NRPB was Charles E. Merriam, professor of political science at the University of Chicago and sixty-five years of age in 1939. Mr. Merriam was the dominant member of the board, alert, broad-visioned, facile-minded. He was alternately a man of action and a reflective scholar; his conception of function determined the work of the board. His leadership gave the heavy research emphasis to the board's studies. He was devoted to an essentially academic method of procedure. He sought outstanding experts within and without the government to serve on board committees and to write board reports. These documents then stood as the statement of the expert and not of the board. He purposefully avoided current administrative entanglements. He felt no urge to translate expert findings and recommendations into action. He was far more interested in broad, far-reaching questions of public policy than he was in current government plans. He had a higher regard for the power of the pen than for the power of administrative action.

The third member of the board was George F. Yantis, a lawyer from Olympia, Washington, who was in his fifties. He was a sincere, earnest individual with a highly developed sense

of social values. He was inherently sympathetic to the idea of national planning. He was intellectually diffident, unwilling to press his point of view strongly. He was continually dissatisfied with the work of the board and its relation to the President, but he was unable to do anything about it.

The executive director and full-time head of the board's staff was Charles W. Eliot. Previously Mr. Eliot had been the head of the staff of the National Capital Park and Planning Commission. He enjoyed the full confidence of Mr. Delano. On the other hand, Mr. Merriam found himself inherently doubtful about the wisdom of most recommendations put forth by the executive director and constantly sought other advice. In one account which he wrote about the Resources Board, Mr. Merriam listed the names of the three assistant directors of the board without even mentioning the existence of the position of executive director.<sup>9</sup> There were occasions when it appeared that the assistant directors were being encouraged to report directly to the board rather than to the executive director. This inevitably produced internal dissension and suspicion at the top of the full-time staff. Because of his close relationship to Mr. Delano, Mr. Eliot continued for ten years to serve as the full-time head of the board's staff but without the confidence of the dominant personality of the board.

Under the circumstances board meetings tended to be long, discursive, indecisive, and even acrimonious. They were painful affairs for staff members who happened to attend and witness the proceedings. Working only part time itself, the board failed to exercise continuing leadership for the staff, let alone

<sup>9</sup> See Charles E. Merriam, "The National Resources Planning Board," in George B. Galloway, ed., *Planning for America* (New York, Henry Holt and Co., 1941), p. 494.

for the planning function throughout the federal government. Under other circumstances the executive director might have been able to provide the necessary leadership. But frustrated as he was in his own dealings with the board, the executive director could not fulfill the internal needs of his own staff, let alone the needs for developing close working relationships with the President or with various operating agencies.

These personality factors are important, not because the same persons may again be brought together in a planning agency, but because personality factors must always have a vital effect upon any administrative agency. And personality conflict within an organization is disruptive and even self-destructive. Boards, whether full time or part time, are excellent devices for sowing discord. Unfortunately we continue to overlook this very important fact.

In addition, the National Resources Planning Board was never too clear about its exact role in the Executive Office of the President. In its *Development Report for 1943* the board listed its functions as five first, to collect and present various data to the President which might be helpful in the planned development of national resources, secondly, to advise the President from time to time on employment trends, third, to collect information on the construction plans of federal agencies and to list these programs in the order of their importance, fourth, to receive and record proposed federal projects involving the acquisition of land; and fifth, to cooperate with federal, state, and local agencies in their planning work and to act as a clearinghouse for planning activities.

On another occasion Mr. Merriam listed the functions in a somewhat different order. He declared that the "first func-

tion" of a national planning board was to serve as a clearinghouse of planning activities throughout all levels of government. Another function was that of "collecting and analyzing data relating to our national resources . . . and the shaping up of advisory plans for the better use of these resources." He added that the function of translating "over-all planning" into action was a responsibility of the Executive and of Congress. He insisted that the planning board was purely advisory; it stimulated planning and it fitted various plans into a national framework. But in order to do this, the board had to be "detached from immediate political power and responsibility."<sup>10</sup>

After the event, Mr. Merriam declared that "the most important function of the board" was advice to the President upon "long-range planning policies." He listed the clearinghouse function as the second activity, and the stimulation of interest in planning as the third most important function. In addition, he referred to the part the board played in capital budgeting, and then to various individual reports of the board.<sup>11</sup>

Thus Mr. Merriam stressed especially the relations of the board with the President. This was no doubt important in theory, but seemed much less important in fact, particularly when measured by tangible influence upon government policies or plans.

A critical analysis of the board's work would probably suggest a somewhat different list of functions. In point of major

<sup>10</sup> "The National Resources Planning Board," in Galloway, ed., *Planning for America*, pp. 493-94.

<sup>11</sup> "The National Resources Planning Board, a Chapter in American Planning Experience," 38 *American Political Science Review*, (December, 1944), pp. 1081-84.

emphasis, the most important activity of the board was the promotion of research on many different social and government problems. These have been enumerated above. The reports prepared by the board were published and given general distribution. Through them the board contributed a great deal to the public discussion of and the public education on issues of current social concern. They were the board's major achievement, and the source of its greatest influence.

From 1939 to 1943 especially, the second most important function of the board involved public works. Through its land and water committees the NRPB provided a means for exchanging information about land use plans, and plans for the development of water resources. The board kept a central record of land purchases, water project surveys, and proposed construction projects under the so-called six-year program. In the third place, the board, after 1939, prepared quarterly reports for the President on general economic trends. These were purely factual reviews and did not contain recommendations for action. In the fourth place, the board unquestionably gave considerable attention to stimulating state and local planning. Although not large, its regional offices kept in close touch with such state planning agencies as did exist. While emergency relief funds were available for the purpose, the board either directly or indirectly sponsored a number of projects which in effect provided staffs to regional and state planning agencies. Finally, the board carried on an educational program as a part of its postwar planning effort.

The board could never decide whether it wanted primarily to be a research, a propagandizing, a management, or an advisory agency. It gave most of its effort to research, but tried other

roles as well. It never gave sufficiently sustained and consistent attention to river development planning, for example, to insure the preparation of carefully coordinated plans for various drainage basins. Yet it continued to make a pretense of reviewing public works projects and working out their harmonious adjustment. It reviewed economic trends, but never pushed this work to the point where the board could play an important role in advising the President on general economic policy, let alone on details of economic programs. The board failed to push any one line of work to effective ends; it vacillated from one role to another.

The NRPB was one of the casualties of World War II. The tone of the *National Resources Development Report for 1942* was apologetic. The board admitted that it was playing no important role in the war emergency. The explanation given was the haste with which decisions had to be made—decisions “without mature consideration of all the relevant facts.” The report said that the war emergency gave little time for looking backwards and analyzing trends. Certainly an all-out production campaign was not attuned to the board’s conception of its role. The board was looking ahead again to the problems which the end of the war would precipitate.

The report for 1942 mentioned the large number of individual staff members who were being utilized by various federal agencies active in the war effort. Indeed, under war conditions it became more and more difficult to hold a staff together and to concentrate attention upon such long-range concerns as the problems which would emerge after the end of the war. The report of the Conference on Postwar Readjustment of Civilian and Military Personnel published in June, 1943, was probably

the most important contribution of the board after Pearl Harbor. Whether the board would have continued along the general outlines of this report and have become a more effective agency in preparing actual plans based upon these policy recommendations is uncertain. The fate of the board had already been determined.

In 1943 the House of Representatives refused to provide any additional appropriation for the National Resources Planning Board. Instead, the House Committee on Appropriations wrote a prohibition into the Independent Offices Appropriation Act preventing the President from transferring any funds to the board and providing for its extinction on October first of that year. The House and later the Senate accepted this provision.

The only explanation given to the House at the time was that the board duplicated the work of other agencies. A former director of the Bureau of the Budget has expressed the opinion that suspicion about planning as the embodiment of a particular social and economic theory was largely responsible for the Congressional action which ended the NRPB. He acknowledged that there were collateral reasons, and listed as one of these insufficient authority for the board itself.<sup>12</sup> Professor Gaus has given an explanation in somewhat different terms.<sup>13</sup>

The National Resources Planning Board was handicapped both by its structure and its title, as the existence of a committee of lay citizens, after the fashion of many city planning boards, in the Executive Office of the President led to confusion as to their role.

<sup>12</sup> Harold D. Smith, *The Management of Your Government* (New York: McGraw-Hill Book Co., 1945), p. 16.

<sup>13</sup> John M. Gaus, "Planning Process in Government," in T. C. T. McCormick, ed., *Problems of the Postwar World* (New York: McGraw-Hill Book Co., 1945), pp. 176-77. Reprinted by permission of the publisher.

and the meaning to be attached to their reports. Were they the policy recommended by the President? Were they policies recommended by the operating departments concerned? Was planning in the executive departments to be officially subordinate to them? Would these committee members be setting the objectives of national action, instead of the elected President and legislators?

David Cushman Coyle had some words of wisdom to give the National Resources Planning Board in 1940. He observed that there was no indication that the board was participating in the daily routine of the Chief Executive, but he thought that an intimate relationship might be developed over a period of time. And he predicted continued legislative hostility. He made a number of recommendations. He felt that the Chief Executive would have to defend the board more strongly on appropriation requests. He wanted at least part of the board's staff located in the White House itself, and urged that a permanent official of the board should have a standing equal to that of the Budget Director. Finally, he wanted the board to cease issuing reports under its own name. "The apparent sacrifice of fame would seem to be more than compensated by increase in real influence, and in protection against specific attacks by special interest groups."<sup>14</sup> The failure to follow such advice is at least partial explanation of the board's end.

Certainly the ten years' work of the board and its predecessor agencies was not in vain. The different studies which were published had considerable influence upon various government agencies. And the need for continuing central planning was demonstrated at least to the satisfaction of students of admin-

<sup>14</sup> David Cushman Coyle, "Information," in F. Morstein Marx, ed., *Public Management in the New Democracy* (New York, Harper & Bros., 1940), pp. 56-57

istration. The board may not have fulfilled this need, but it definitely revealed its existence. The board left both positive and negative precedents to guide a future central planning agency.

#### THE OFFICE OF WAR MOBILIZATION AND RECONVERSION

A different kind of central planning agency developed out of wartime experience. As already mentioned, the Office of War Mobilization was created by an executive order of the President in May, 1943. Under the terms of the order, this agency was expected to develop unified programs and to establish policies for the maximum use of the nation's resources in the war effort. It was directed to "unify" the activities of various agencies concerned with the production, procurement, distribution, and transportation of military and civilian supplies. Later, on July 15, 1943, Executive Order No. 9361 enlarged the functions of the office by authorizing it to coordinate foreign supply activities and other foreign economic affairs "in conformity with the foreign policy of the United States as defined by the Secretary of State." After the demise of the National Resources Planning Board, the President directed the office to handle war and postwar adjustment problems.

As a result of this last instruction, the director of War Mobilization created a war adjustment unit composed of Bernard M. Baruch and John M. Hancock. The immediate result of this work was the publication of *The Report on War and Postwar Adjustment Policies* on February 15, 1944. As indicated, this report dealt at some length with policies for contract termination and at somewhat lesser length with disposal of surplus property. It recommended, in addition, the

creation of an office of work director in the OWM to "see that the human side of demobilization is not forgotten." The Contract Termination and the Surplus Property Acts of 1944 resulted from this report.

The Office of War Mobilization was renamed the Office of War Mobilization and Reconversion by the War Mobilization and Reconversion Act of October 3, 1944. This act gave a statutory basis to the office and specified eight particular functions. These included the formulation of plans to meet the transition from war to peace, the issuance of orders and regulations to coordinate activities of various federal agencies, the recommendation of appropriate legislation, assistance to executive agencies in developing demobilization and reconversion plans, and the conduct of special studies of reorganization. All of these functions were to be performed "subject to the direction of the President." In addition, the act transferred the Office of Contract Settlement and the Surplus Property Board to the Office of War Mobilization and Reconversion. The provisions of the act were to terminate on June 30, 1947.

The director of the Office of War Mobilization from May, 1943, until March, 1945, was James F. Byrnes. Justice Byrnes resigned from the Supreme Court of the United States in October, 1942, to serve as head of the Office of Economic Stabilization. He was transferred to the Office of War Mobilization upon its creation. Mr. Byrnes had his office in the East Wing of the White House and saw the President almost every day. His long experience as a member of the Senate gave him great familiarity with official Washington. His loyalty to the President was unquestioned. His primary responsibility was one of adjusting differences in policies and programs which might

develop among the war agencies. There were those who criticized Mr. Byrnes' approach as essentially negative. Instead of inquiring into programs and anticipating conflicts, he waited until head-on clashes developed. He then endeavored to settle the dispute. This criticism may not be altogether fair. Both the original executive order and the statute in 1944 spoke of the director's responsibility to settle "controversies between executive agencies." Mr. Byrnes merely chose to make this provision his primary authority.

For example, after the Allied forces had defeated the German army in northern France and had moved all the way to the German border, the War Production Board proposed to relax a number of wartime controls in order to encourage reconversion preparations. The War and Navy departments both opposed the recommendations of the WPB. The procurement agencies took the position that no actual cuts in procurement could be made until the complete defeat of Germany was officially accomplished. Even if raw materials were available for the production of pilot models, the labor supply situation was such that no workers could be spared from immediate war production. In the end, Mr. Byrnes upheld the position of the War and Navy departments and Donald Nelson retired as chairman of the War Production Board.

Mr. Byrnes encountered other criticism. His role in settling various conflicts within the Administration necessarily produced a good deal of hard feeling. His final departure from the Administration was laid not so much to differences of opinion with the President as to the general hostility evidenced toward him from high administrative officials. Mr. Byrnes' position was such that he dealt directly with secretaries of departments

and with the heads of independent agencies. He came more and more to be the final decisive individual in all problems affecting "the home front." While he succeeded surprisingly well in avoiding publicity in this role, particularly in view of his great authority, he could not avoid increasing opposition from various individuals.

From April until July, 1945, the director of War Mobilization and Reconversion was Fred M. Vinson, who previously had served as director of the Office of Economic Stabilization. Judge Vinson likewise enjoyed close personal relations with President Roosevelt and with President Truman. Mr. Vinson in turn was succeeded by John W. Snyder of Missouri, who also enjoyed the full confidence of President Truman. Some critics questioned Mr. Snyder's judgment upon many subjects on which he advised the President. They felt that many wartime controls were lifted too soon; some had to be reconstituted later. But no one questioned Mr. Snyder's active role in policy-making and in planning.

In June, 1946, Mr. Snyder was appointed Secretary of the Treasury and the President announced that he was going to liquidate the Office of War Mobilization and Reconversion. A few days later he reversed his decision, saying that many agency heads had asked that the office be continued. He appointed John R. Steelman as director. Mr. Steelman was an assistant to the President at the time; he had been head of the U.S. Conciliation Service and then a White House advisor on labor matters. His personal relations with the President were very close. As director of the OWMR Mr. Steelman continued to be an adviser on various policy matters. In August, 1946, at the President's direction, he issued an order imposing a halt

upon all federal construction until individual projects could be reviewed and approved; the general purpose was to reduce construction expenditures from 1.6 billion dollars to 900 million dollars. By October, 1946, construction totaling 11 billion dollars had been approved by the OWMR. The office was also active in promoting the harmonious adjustment of various government programs affecting education, especially college education, swamped by the influx of veterans. The plans of the National Housing Agency and the Civilian Production Administration also had to be adjusted.

The Office of War Mobilization and Reconversion came to an end on December 12, 1946, when the President by executive order merged it, the Office of Economic Stabilization, the Office of Price Administration, and the Civilian Production Administration into a single unit entitled the Office of Temporary Controls. Mr. Steelman was renamed an assistant to the President. Just a few days before this action the President decided to abandon price control of all commodities and finished goods. At the same time he indicated that most restrictions upon the use of raw materials, building supplies, and other products would be greatly relaxed, if not entirely terminated. Under these circumstances there was little left for the Office of War Mobilization and Reconversion to plan or coordinate.

The directors of the OWMR were more than planners assisting the President; they were essentially coordinators of wartime and immediate postwar government activities, who gave much of their attention to the policy and planning phases of these activities. Their point of view moreover was essentially short-range, since they were primarily concerned with the govern-

ment's economic role in a war economy; this role was expected to come to an end as soon as possible after the defeat of Japan. And so the agency ceased to function in December, 1946.

Even in the field in which it did operate, the office was not entirely effective. For example, the preparations made to handle the disposal of surplus property were certainly much less complete than the arrangements for settling terminated contracts. Both the War and Navy departments were very active in preparing detailed plans for settling contracts. The designated disposal agencies for handling surplus property made no such extensive preparations, nor were they criticized for failing to do so. Later conflicts between the disposal agencies and the War and Navy departments which were responsible for declaring property surplus were not anticipated nor effectively handled by OWMR. And the office apparently failed to foresee the vital interrelationship of wage control and labor relations to price control and the whole anti-inflation program of the government. Perhaps more important than any other defect, the agency never developed a regular routine for handling policies and plans coming to the President's attention.

Whatever its record, the OWMR after 1943 was the only agency in the federal government capable of performing the central planning function. It enjoyed the necessary relationship to the President to make its operations effective. Indeed, the agency had statutory authority to issue orders and regulations to other agencies "subject to the direction of the President." Its close interest in current operating problems certainly enabled the office to obtain a clear understanding of what was happening in the government. It also enabled the office to

demonstrate administrative usefulness to the chief executive and even to the legislature. Nor was the office separated from the current decisions which in large part were affecting future developments. In this respect particularly it occupied a very different position from that of the National Resources Planning Board. It seems a fair conclusion to say that in general the OWMR was more nearly a central planning agency in the sense of helping the President to handle policies and plans than the NRPB had ever been.

#### THE CONTRAST

There is much to contrast in the experience of the National Resources Planning Board and the Office of War Mobilization and Reconversion. Perhaps the outstanding difference was in their conception of function. The Resources Board was particularly concerned about public understanding of the increasing role of government in economic matters. At the same time the board was not an effective management agency for the President. Some persons on its staff, especially in the fields of land utilization and water development, did do their best to develop administrative routines for central review of government activities in order that the board might help coordinate major policies and operating plans. Yet these efforts were not pushed as far as they might have been. The intellectual contribution of the board was outstanding; its administrative contribution was much less noteworthy.

The Office of War Mobilization and Reconversion, on the other hand, did little educational work. Its quarterly reports were prepared in a popular manner, but otherwise its work received very little public attention. The office was much concerned with the development of a number of different govern-

ment policies and programs. Interestingly enough, by 1946 it was beginning to encounter considerable criticism. This time there were many individuals who felt that the OWMR point of view favoring the relaxation of government controls before many of the civilian shortages had been made up had in part precipitated the labor-management controversies of post V-J Day. Certainly its efforts to reduce construction expenditures were calculated to win general public and legislative approval. Little was said in the press about the OWMR's role in advising the President on removing virtually all price controls in the autumn of 1946.

From an organizational point of view, the particular policy advocated by the OWMR at any time was less important than its assistance to the President in helping him determine public policy. Criticism more rightly should be directed against the President himself, or against the policy, than against the administrative agency assisting him. It has, of course, been common practice in this country to seek a change in public policy by first abolishing the agency associated with the criticized point of view. The inevitable result is an instability in organizational machinery. Certainly an occasional shake-up in administrative agencies is desirable; as a regular practice frequent changes in administrative structure are likely to do more harm than good.

#### THE COUNCIL OF ECONOMIC ADVISERS

A new, and third, central planning agency was created by the Employment Act of 1946. This time it was called the Council of Economic Advisers, set up in the Executive Office of the President. This council is composed of three members

appointed by the President by and with the advice and consent of the Senate. Each is supposed to be a person "who, as a result of his training, experience, and attainments, is exceptionally qualified to analyze and interpret economic developments, to appraise programs and activities of the government in the light of the policy declared in Section 2, and to formulate and recommend national economic policy to promote employment, production, and purchasing power under free competitive enterprise." Each member receives \$15,000 a year, thus the members are full-time government officials. Since no term of office was specified for the members of the council, it must be assumed that the President may remove any adviser at his pleasure.

The Employment Act provides that the council shall assist the President in the preparation of the economic report he is required to render Congress; shall gather information about economic developments and trends, shall appraise the various programs and activities of the government; shall develop and recommend national economic policies to the President; and shall make such other studies and recommendations as the President may request. The council is required to submit an annual report to the President in December of each year.

One unique feature of the Employment Act is a limitation upon the total appropriation for salaries of the council members and staff. The expenditures for personal services are limited to \$345,000 in a single fiscal year. Apparently it was the intention of Congress to prevent the council from becoming a sizable agency.

In July, 1946, President Truman appointed Edwin G. Nourse to be chairman of the council, and John D. Clark and

Leon II. Keyscrling to be members. Mr. Nourse had for some time been vice president of the Brookings Institution; he was a distinguished and well-known economist not identified with any particular school of economic thinking. Mr. Clark was also an economist, a professor of economics and dean of the College of Business Administration at the University of Nebraska. Mr. Keyscrling was a lawyer who at one time had been an assistant to Senator Wagner of New York; later he was general counsel of the United States Housing Authority and then of the National Housing Agency.

In December, 1946, the council published its first annual report to the President. The report did not discuss specific current economic problems or desirable government action; these were left for the economic report of the President transmitted to Congress in January, 1947. Instead, the council's own report dealt mainly with the "political" and "economic philosophy" of the Employment Act of 1946. Certainly the economic philosophy set forth was cautious. The council rejected fiscal policy as a "panacea" to prevent or mitigate declining national production. Yet the council also expressed its belief that "government itself is now and must to a somewhat greater extent in future be an active and guiding element in the economy."<sup>15</sup> But the council refused to say just how this stimulation and guidance might be exercised. This was to be the subject of its continuing attention.

In authorizing this new central planning agency, Congress preferred a council of three full-time members to either a part-time board such as the NRPB or to a single individual such as the director of the Office of War Mobilization and Recon-

<sup>15</sup> Council of Economic Advisers, *First Annual Report to the President*, p. 14

version. In limiting the size of its personnel, Congress emphasized that the council would have to do most of its work through operating agencies. In the third place, the act suggested that the council should focus its attention upon assisting the President in preparing the economic report, in analyzing economic trends, and in evaluating government programs in the light of the objective of obtaining maximum production, employment, and purchasing power in a free enterprise economy.

The experience of this new agency will provide yet a new chapter in the history of our efforts at devising a satisfactory management instrument for the President in the planning field.

#### THE ADMINISTRATIVE ISSUES

Both the War Mobilization and Reconversion Act of 1944 and the Employment Act of 1946 indicated a Congressional realization that the central planning responsibility in the federal government had to be vested in the President. Presumably, then, there is no basic issue in our government today about providing planning machinery which will seek a reconciliation of interest group points of view, or which will "control" the chief executive and administrative agencies. Planning management has been accepted as Presidential management. The position of the President's Committee on Administrative Management has, then, been approved<sup>16</sup>

<sup>16</sup> One of the best descriptions of planning to be found anywhere is an address by Walter H. Blucher, of the American Society of Planning Officials, at the Fifth Southeastern Planning Conference. This talk was entitled "A Mayor Has His Troubles." Just as the title suggests, the emphasis throughout was upon the mayor's responsibility for planning, upon how careful foresight might eliminate many headaches, and upon the help a planning agency might provide the mayor. This talk was reproduced in pamphlet form and widely distributed by the American Society of Planning Officials.

Nonetheless, there remain three important administrative issues to be settled before we shall obtain satisfactory organizational arrangements to help the President in exercising his planning responsibilities. These involve the relationship of the agency to the President, the board device versus a single individual as head of a planning agency, and the conception of the planning function.

It is obvious that the administrative effectiveness of a central planning agency must depend upon its relation to the President. The Office of the President is more than a government institution; it is even more the reflection of the peculiarities of an individual personality. No organizational device can strengthen the backbone of a timorous President. No administrative arrangement can alter a fundamental conviction of a chief executive. The experience under the Employment Stabilization Act of 1931 clearly revealed that a mere legislative declaration of policy and the establishment of some administrative machinery did not automatically produce administrative action. President Hoover was not disposed to move even under the conditions which were overwhelming him. The answer was not different administrative machinery, but the election of 1932. Planning leadership, then, in the last analysis must always depend upon the personality of the chief executive.

In turn, the administrative effectiveness of a planning agency must depend upon the extent to which the chief executive is disposed to make use of that agency. The purpose of a central planning body is to assist a President to act effectively and intelligently *when he wants to act*. The planning agency accordingly must work for and with the responsible executive. Much will depend upon the cordial relationships which exist between

the planning agency and the chief executive—upon the personalities of both. There is apparently no escape from this situation under our system of government.

Granted the vital importance of the personal relations which must exist between a President and his planning agency, we inevitably are led to ask whether a single individual or a board is more apt to develop such a relationship. Of course the issue is even larger than this. Students of public administration in the last few years have consistently pointed to inherent weaknesses in the board form of organization. The oft-repeated criticisms can perhaps best be summarized in three observations: the Army's quip that a board is "long, narrow, and wooden"; Jeremy Bentham's remark that "a board, my lord, is a screen"; or Lord Bryce's comment that an executive council lacked "promptitude and vigor."

Unquestionably there is a place for committees and boards in administration. They are a convenient mechanism for exchanging points of view, for discussing a particular issue, for reviewing some policy or program, or for deciding a specific question in a judicial fashion. But few, if any, students of administration have ever argued that a board is a useful device for asserting administrative leadership or for making decisions in a dynamic situation. A board can function satisfactorily only under those circumstances where group opinion or consensus is helpful in carrying out an administrative task entrusted to someone else.

Planning is an administrative job, and central planning is even more so. The work is more than simply stating opinions to the chief executive. There are relations with other agencies and individuals to be conducted, internal procedures

to be developed, a staff to be guided, operating decisions to be made, and above all else close-working relations with the President to be achieved. Under these circumstances a board can work satisfactorily in only one of two ways. Either the board members willingly subordinate themselves to a single individual member of the board and become in effect his administrative assistants, or the members of the board divide up the work of the agency and each proceeds to assume responsibility for a particular segment. Under this last arrangement the board meets as a board only occasionally and usually ratifies as a routine matter the decisions made by each individual in his own sphere of authority. The jealousies and personal animosities which are likely to arise among men theoretically coequal in status makes the first possibility infrequent. The second situation destroys the possibility of central administrative leadership in any administrative effort.

The original decision to create a board as a central planning agency under the President seems to have been a decision by default. The Public Works Administrator established a planning board in the pattern suggested by municipal practice. The National Resources Committee was nominally an inter-departmental arrangement designed to bring together those agencies especially interested in public works activities. When presenting the need for a permanent planning agency in the Office of the President, the President's Committee on Administrative Management recommended a board of five members without salary and with indefinite terms. The report discussed only the second condition—that of an indefinite term. It said nothing about the desirability of a board in preference to a single individual.

This omission was all the more interesting since the committee vigorously criticized a board as head of personnel management, and recommended that the Civil Service Commission be replaced by a single Civil Service Administrator. Even after 1943, Charles E. Merriam consistently advocated a planning board as a central planning agency. He asserted that "experience" demonstrates the need of a central planning board, and he added that he was "more thoroughly convinced than ever" that the board members should serve on a part-time basis.<sup>17</sup> Yet apart from these expressions of opinion, Mr. Merriam offered no carefully reasoned argument in favor of a board rather than a single individual as head of a planning agency.

The contrasting experience of the NRPB and the Office of War Mobilization and Reconversion certainly suggested that a single individual was preferable to a board. The close institutional relationship which has been achieved between the President and the Bureau of the Budget under a single director reinforces this conclusion.

There is a third possibility in organizing the Office of the President, suggested by William Y. Elliott's testimony before the Joint Committee on the Organization of Congress on June 26, 1945. Although Professor Elliott was not speaking directly about the Office of the President, but rather about executive-legislative cooperation, his proposal for joint executive-legislative policy councils in six major fields of government activity might be paralleled by Presidential aides who would supervise both planning and operations in these broad

<sup>17</sup> "The National Resources Planning Board," 38 *American Political Science Review*, (December, 1944), p. 1086

fields. Professor Elliott's six fields were national defense, fiscal policy, social security, national resources, commercial policy, and legal services and internal housekeeping. He went on to propose that either the director of the Budget or some individual like the director of War Mobilization and Reconversion should serve as "Presidential chief of staff."

An organizational arrangement of six functional assistants to the President would be comparable to the General Staff system in the War Department. Such a device would certainly meet the need for coordinating government plans in order to insure mutually harmonious activities within the six broad fields of government work. On the other hand, there would still be the problem of devising a satisfactory means for evaluating the effect of government programs as a whole. This obviously can be done only in one central spot. Such a central point might exist under the civilian "chief of staff" if such were designated.

The Council of Economic Advisors is a board of three full-time members. It is not difficult to forecast how the council will have to operate if it is to be a satisfactory management tool. If two of the members of the council are willing to subordinate themselves to a third member, the council may prove effective. If this one individual becomes the spokesman for the group in dealing with the President, if he sees the President frequently without the company of his colleagues, if he becomes the spokesman for the group in dealing with department secretaries and the heads of independent establishments, and if he is individually free to come and go, consult, and commit his own staff—then the council will work. If the chairman or an individual member becomes in

effect the single administrative head of the small staff authorized by the act, dividing up the work, reviewing recommendations of the staff, and providing continuing and dynamic leadership, then the council will work. It may prove feasible for two of the members of the council to become actually assistant economic advisers, each heading a particular part of the work and each receiving his general instructions from the third member. If this happens, then the council will work. Otherwise it is difficult to conceive of any arrangement which will make the Council of Economic Advisers an efficient and successful planning staff for the President. If the members of the council become jealous of each other, insistent upon equality for the three in dealing with the President, in dealing with other agencies, and in dealing with the staff, then it is safe to forecast that little will be accomplished in assisting the President to prepare the report required by law or in evaluating the economic effect of government policies and plans.

Furthermore, much depends upon the conception of central planning. Is the primary objective to be research—the accumulation of more data about our society and its problems—to serve as the basis for policy formulation and planning by others? Is the primary purpose to assist the President in deciding about desirable policies and plans, accumulating them from operating agencies, reviewing them for consistency and mutually supporting goals, and recommending to the President general objectives in policies and plans? Such management assistance means moreover keeping in close touch with current operations, anticipating difficulties, and promoting coordinated efforts by agencies whose work is interrelated. Or is the primary purpose simply to advise the President about

general economic trends, including the impact of federal expenditures and income upon the nation's economy as a whole?

None of these tasks is necessarily inconsistent with the others—all are important and need doing. All are a part of planning. It is not inconceivable that a central planning agency might undertake to do all three, and could perform these tasks successfully. But it would be unfortunate to give only partial attention to research, partial attention to management review of policies and plans, and partial attention to advising the President about economic trends. No outstanding accomplishment in any field would then probably result. Some decision about emphasis certainly faces the Council of Economic Advisers, since by law its staff is decidedly limited.

It may well be that the terms of the Employment Act of 1946 have already settled the issue beyond debate. The Council of Economic Advisers is supposed to assist the President to prepare an annual economic report, and this report must concern itself with the object, volume, and timing of government activities as they affect production and employment in the United States. This task alone may absorb all the personnel which the council is permitted under the law. Indeed, the first annual report of the council indicates that it perceives this situation. The report implies that the council intends to concentrate its attention upon analyzing the economic effect of various government activities as a whole. Then it may be willing in the light of this analysis to advise the President about desirable changes in these activities because of their general economic effect.

Under the circumstances, this seems a sound decision. But

it means, for example, that the council cannot undertake to review the operating plans of federal agencies for mutual consistency, as in the field of water utilization. We are still without adequate administrative machinery in the federal government for insuring the harmonious, multiple-purpose use of our water resources. The Council of Economic Advisers then cannot be hailed as the final solution to the problem of necessary planning machinery at the level of the President.

There may be some doubt whether the three different phases of planning suggested here can be separated, whether all must not be performed by a single agency. Research is needed about economic trends, and some detailed knowledge of government policies and operating plans may be essential in evaluating their effect upon the economy as a whole. Certainly we have never yet made the effort in federal administration to review all policies in effect at any one time, either for their consistency or for their economic consequence. Such a task could be overwhelming; yet this is not an excuse for failing to attempt it. Can we now evaluate economic effect and ignore consistency? Can we measure result and pass over the details of current policies and plans? Here is a real challenge, a challenge which may prove impossible to surmount. In that case, the Council of Economic Advisers may fail to achieve the great ends that have been set it.

Certainly it is difficult to see how advice about economic trends can be separated from concern with the basic policies of government. Of course, it is possible to have straight factual reporting about employment, production, and purchasing power, and about government activities without any direct comment on desirable conditions. Then policy issues are

avoided—or rather shifted to some one else to consider and decide. If the council takes this track, it will be a reporting or research rather than an advising agency. If it evaluates trends, how can it escape policy implications?

Government policies are dynamic, ever changing in many aspects. The administrative question is simply whether and how these policies are to be brought under some central management—that is, central knowledge, review, and modification to fit the broad objectives of a President, his party, and his legislative followers. This must surely be the most important issue of all in planning machinery. It seems doubtful whether we have yet found the means to solve it.

Finally, a central planning agency, whatever emphasis it gives its work, must be alert in every way possible to demonstrate its administrative usefulness. This is important for its relation to the President and equally for its relation to Congress. For no matter how much it may pretend to be an intimate part of the Executive Office, and hence screened from the customary scrutiny of Congress, it cannot in practice maintain an entirely privileged position.

A favorite criticism of the National Resources Planning Board several times voiced in the House of Representatives was that its work duplicated the work of other agencies. There was little substance in this complaint. One might as well have said that because there were budget officers in each department, there was no point in having a Bureau of the Budget under the President. The central planning agency must demonstrate that it performs a management function, not that it plans in competition with or in place of operating units. Indeed, Harold D. Smith while director of the Budget defined his concep-

tion of central planning as the need for the Office of the President "to coordinate departmental planning in the same manner that the departments coordinate bureau, divisional, and sectional planning." And he added that the problem "is one of adequately organizing and staffing the Presidency" <sup>18</sup>

One last organizational problem must at least be mentioned. The Council of Economic Advisers and any other planning machinery must necessarily work out some kind of cooperative relationship with the Bureau of the Budget. Indeed, there have been those who originally urged that the responsibility for preparing a "national budget" or economic report, as the Employment Act terms it, should be vested in the Bureau of the Budget. <sup>19</sup>

In its implications, the budget message and the total budget figures of the federal government do embody our national fiscal policy. In its details, however, the recommended appropriations for the various operating agencies are not now presented in any form useful for planning purposes. If the budget schedules were more clearly related to specific objectives to be accomplished through the expenditure of this money, and if the emphasis throughout was upon programs first and upon fiscal requirements secondly, then the budget would be a more valuable document for the cause both of planning management and of legislative control. Our Congress, and our Congressional committees more particularly, are probably too habituated to appropriation requests as they are now submitted to favor any such radical change.

Nevertheless, it is clear that the economic report and the

<sup>18</sup> *The Management of Your Government*, pp 20-21

<sup>19</sup> See John J. Corson, "Organizing Government Staff Services for Full Employment," 49 *American Political Science Review* (December, 1945), p 1157

budget message must be complementary. The attention of the Council of Economic Advisers must be directed primarily to the economic effects of government programs; the attention of the Bureau of the Budget must probably continue to be directed primarily to the preparation of detailed appropriation estimates and to general administrative efficiency. However the line of demarcation is drawn, both the council and the bureau will have to join each other in affording the President the kind of assistance he needs.

In the end, to repeat, it must be the President who serves as "planner-in-chief" for the federal government. Under our constitutional and political system we have no alternative. It is the President's responsibility to make final decisions. He must have assistance in evaluating policies and plans, and in deciding upon the desirable volume and timing of federal government activity. He must have assistance if the detailed irrigation plans of the Department of Interior are not to conflict with the detailed production plans of the Department of Agriculture. But the assistance is *staff* assistance.

The Employment Act of 1946 wisely provides that the annual economic report is a report of the President. He then must assume responsibility for its contents. The Council of Economic Advisers may help prepare it, but it is not their report. Other advisers including Cabinet officers may contribute to it. Indeed, the 1947 report was said to be the work of several hands; the suggestions of the council were modified by other proposals given the President by his department heads and certain other officials.

One reason why the White House staff itself—men like Hopkins, Rosenman, and Lubin under Roosevelt and Steelman

and Clifford under Truman—has become increasingly important has been the need for top-flight, intimate aides helping the President to fulfill his policy and planning role. Part of the government's planning machinery has been and is in the White House itself. Less may be known about this machinery than about more institutionalized arrangements. But the work of the White House staff simply reaffirms the importance of the President in planning.

The President's administrative role today is more vital to our national well-being than ever before. His decisions on policies, his decisions on specific plans, his decisions on taxation and spending must now be made in the context of the nation's total production and employment. Our management institutions and devices have never faced a greater responsibility.

## 7. THE FUTURE OF NATIONAL PLANNING

THE UNITED STATES is on the threshold of a great experiment. Politically this nation is committed to the goal of full employment. We have resolved that prolonged unemployment is both economically and socially undesirable. We have expressed in effect some uncertainty as to whether our existing economic order can, through the mechanism of the market place, achieve full utilization of our resources and provide the production and employment we desire. Accordingly we have said that our federal government must take the necessary corrective steps in order to realize our national goal.

In essence the position of the American people today may be summarized thus. We are dedicated to the satisfaction of human needs by private enterprise, supplemented by government action in special fields such as education, highways, national defense, water development, public health, and social welfare. We assume a social purpose in individual enterprise which transcends the profit motive. Or to put it another way, we still believe that the profit motive does in effect serve a social purpose.

As far as government action is concerned, there is a short-range and a long-range problem to be met. After August, 1945, we began a period of readjustment from a war to a peace economy. In this period the principal economic effort was to satisfy the many individual wants which were postponed while our national productive effort concentrated upon the

implements of war. In this "catching up" period the job of government was twofold—to continue to meet the needs it was dedicated to serve, and to minimize the immediate and ultimate economic dislocations which might result while effective consumer demand outran productive output.

The long-range objective of our national government is also twofold—to meet the needs it is dedicated to serve, and to insure that private enterprise meets the needs it is dedicated to serve, not on a small or limited scale, but on a constantly expanding scale.

Upon these fundamentals there now seems to be some degree of common agreement. Indeed, we can go yet one step farther. No important group in this country seriously contemplates any major change in our system of private ownership of productive property, or in the general domain of economic activity operated by private enterprise. In other words, we do not expect any large-scale socialization of production or distribution in the United States in the foreseeable future.

We may even say that we do not anticipate any great expansion of government activity into new fields during the next few years. For some time government effort in this country will probably be devoted to consolidating recent undertakings and to improving existing services. Such a prediction does not bar an expanded social security system, better public health services, or a more rational program of assistance to transportation.

Yet within these very broad agreements there will continue to be a number of vital policy decisions to face. Although we understand that the government must use its policies and programs to obtain full employment, we are still a long way from

agreeing how this should be done. There are many economists who believe that a self-sustaining economy at high levels of employment will be possible simply by certain important changes in our tax laws, and of course by government performance of the activities it has already undertaken. Others argue that the federal government must take a more positive role. But even here there is a difference of opinion. Some, like Alvin Hansen, urge expanded public investment in such activities as housing and urban redevelopment, river development, and transportation. Others favor some scheme of government guarantee of markets for private enterprise. In other words, they want to plan total production output in a manner not too different from that practiced during the war. This production would continue under private enterprise, but its goals would be fixed by government. At the same time these individuals reject "deficit spending." These are vital issues which must be the subject of careful study and full debate in the next few years.

Certainly one of the outstanding needs for a long time will continue to be the greatest possible public education about our economy and the role of government in stimulating or influencing "maximum production, employment, and purchasing power." There will undoubtedly be much controversy about just how far government agencies should go in presenting these issues and in advocating a particular point of view. Here we have presented once again the perplexing problem of government propaganda. The ramifications of this subject are too great to be explored here.

Each Administration in our federal government in the years ahead must take a position on these issues. When it does so it will undoubtedly use the means at its disposal to convince

Congress and the public at large of the wisdom of its particular choice. The opposition party and many private groups will use the resources at their command to oppose the recommended policies as far as they believe them unwise. Planners will undoubtedly find themselves caught in such controversies. As government employees it would seem wise for them to play as inconspicuous a role as possible while the policy issues are debated. Responsible administrative officials will have to bear the brunt of the public argument. At the same time the planners cannot expect to escape certain responsibility for the decisions to be made. Perhaps this is an even more perplexing difficulty than the selection of the course of action to be recommended to responsible administrators. There is no hard and fast answer about the role of planners in educating the public and in "selling" policies and plans.

But none can question the vital importance of the years ahead. We have a great faith that somehow we can solve our economic problems within the framework of the government institutions which we have developed in a period of some three hundred years. This is our faith. Time will demonstrate whether it has been misplaced.

It should be emphasized again that our planning goal at the present time in this country does not contemplate the socialization of means of production and distribution. Consumer choices are expected still to play a large part in determining the kind and volume of commodities which private enterprise will produce. Our principal concern is to insure the highest possible volume of consumer purchases. At the same time we shall continue to expect government to provide many services on a social basis. As a political society we may have to make

choices between what we want as individual consumers and what we want in the way of group services paid for through taxes

We have had national planning at many different times in our history. Washington's Administration and every Administration since then has had to face vital issues of national policy and of specific programs affecting the economic and social well-being of the nation. But never before in our history has the planning in the federal government been so important to the nation as a whole as it is today.

Planning is the very essence of administrative management. All governmental activity implies purpose, in varying degree of exactness. The progress realized in the performance of any job depends in large measure upon the care given to advance preparation. The minimum amount of wastefulness is insured when these preparations have been made in detail. Accomplishment can best be measured in terms of a defined goal, and of the effort required in realizing it. Planning as an administrative technique does not threaten our democratic liberties, or we would have long since ceased to be a democracy.

Planning is only the process by which we determine objectives, define our immediate needs, and design a course of action with a corresponding scheduling of effort. No one wants to halt this process for any accepted government activities. There may be those who would eliminate or curtail some of the work presently performed by government, but this is an entirely different issue.

National planning today simply means careful management in reviewing and timing government activity as a whole. Just as the purpose of national budgeting was to bring about greater

orderliness and central review of expenditure programs, so national planning means the same type of central management for the underlying plans upon which expenditures are based.

The objective of national planning is twofold. The dictates of efficient administration require consistency and harmony among all our governmental effort. But this is not enough. The extent and the volume of government activity are now so great that we have in this situation alone a possible key to the performance of our whole national economy. And we must now evaluate the effect of these government policies and programs upon our economy and prepare to take the action necessary to realize full employment.

As our federal government has expanded its work, we have long looked to the President to become in fact a "general manager" of that work. The present concern with national planning does not for one moment seek to alter that continuing trend. Rather, it seeks only to equip the Presidency adequately for his responsibility. The organizational problem is the same as that presented by the President's Committee on Administrative Management ten years ago.

National planning is synonymous with Presidential management. The success which it achieves in preventing conflicting government activity and in realizing "maximum employment, production and purchasing power" depends upon the President. Yet central planning is a technical job which needs institutional recognition. The President needs to be informed of programs, their volume, timing, and effect. His must be the final decision about action. Planning as an organizational problem must be judged by how well the President is served.

The future of American government, to be sure, requires

decision as well as planning. But the Presidency must be prepared first to make comprehensive planning possible. The legislature then becomes the determining force, and must be able to act decisively and responsively. We have much yet to achieve on both counts.

This is the American framework of planning. It is peculiar to our own nation and its conditions. And while we understand that our circumstances are different from those in any other nation, perhaps we should remind ourselves that our methods likewise will and should be different.

The future of national planning depends upon whether our Presidency can be made to work in such a way that we can produce the policies and plans for government activity as a whole which will bring us maximum production, employment, and purchasing power. These basic economic satisfactions are surely essential in helping us to attain or retain the other, higher satisfactions necessary to individual welfare and growth.



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